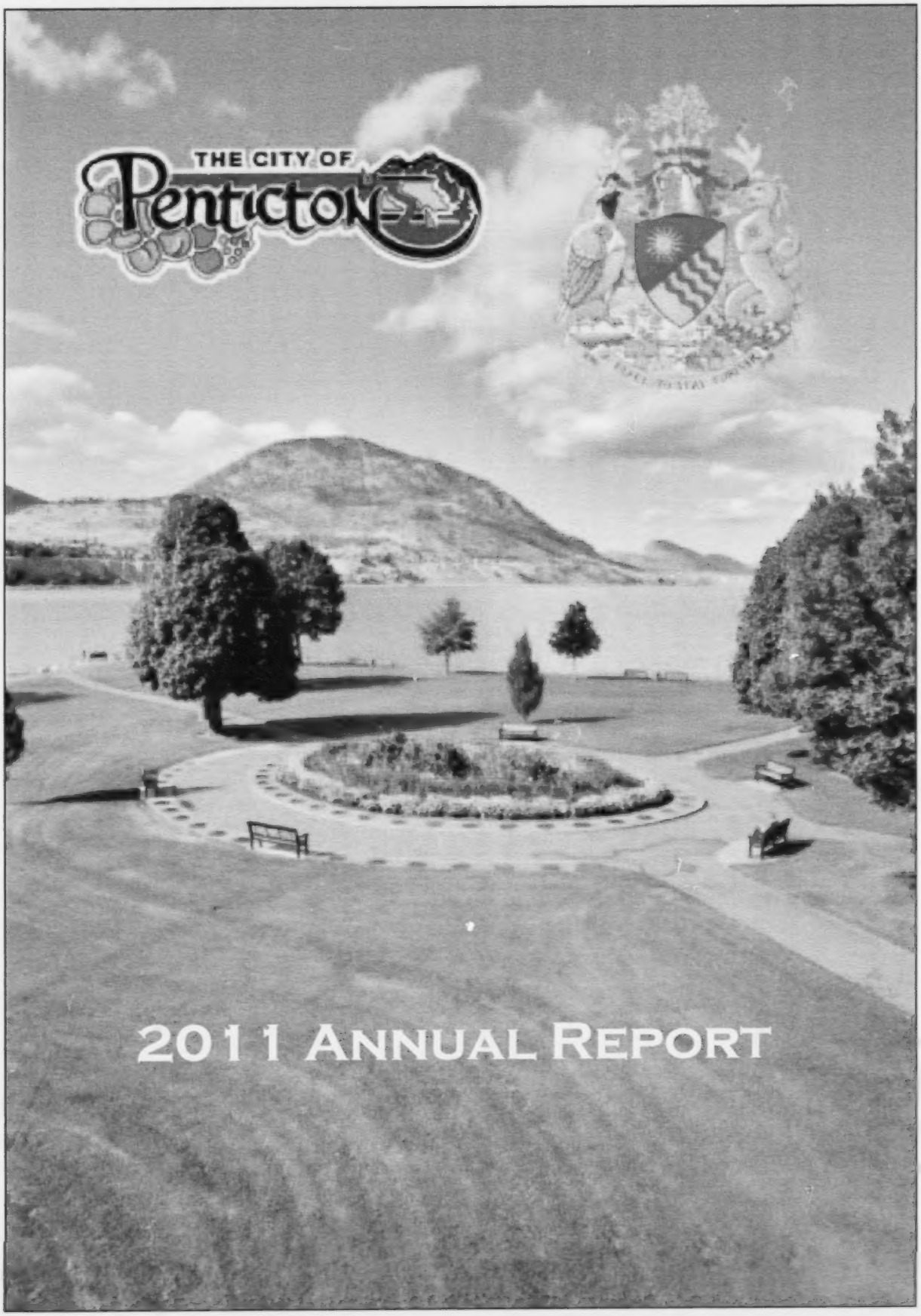
THE CITY OF
Penticton
2011 Annual Report

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Message from the Mayor

On behalf of Council and Staff, we are pleased to present the 2011 Annual Report for the City of Penticton.

Last year was a watershed year for the City, and Penticton residents, businesses and stakeholders witnessed the beginning of the turnaround with respect to municipal operations.

At a time when many municipalities across North America were faced with massive budget deficits that forced them to raise property taxes, Penticton City Council passed a budget that included a reduction to property tax rates. Residential property tax rates decreased 0.5% from 2010 levels, with all core services maintained at 2010 levels.

This could not have been accomplished without the commitment and diligence of Council and City staff. All told in the 2011 budget, total expenditures decreased by more than $700,000 from the year previous. These savings would not have been realized if it had not been for the collaborative budgeting process embarked upon by all staff. The senior leadership, management, and frontline staff were consulted as part of the budget process to identify cost savings and efficiencies throughout the organization. The team effort will be replicated again this fall, as the budget process gets underway for the next year.

A big highlight for the City this year was the reopening of the newly renovated Penticton Community Centre. The features of this facility are wonderful: a 10-lane, 25-metre lap pool; a leisure pool with spray features and lazy river; a large and fully accessible whirlpool; sauna and steam room; expanded fitness room; and so much more. The design of the building also earned LEED Silver certification for energy efficiency and environmental design. In June, the City of Penticton was able to open the facility on time and on budget, and since then, the Penticton Community Centre has been received with open arms by the community.

Another large project that came to fruition this year was the launch of the City's new website. The new design simplifies use, highlights Penticton's natural features and makes information widely accessible and valuable. The City of Penticton is committed to good customer service, and our redesigned website reflects this.

Moving forward in 2012, Council along with staff, citizens, business and community leaders are working to build upon the vibrancy of the City of Penticton. Council's strategic priorities include revitalization of Downtown Penticton and the waterfront areas, and Council encourages everyone to take part in the process of visioning what our City could look like for years to come.

Dan Ashton
Mayor

PENTICTON CITY COUNCIL

City Council is made up of the Mayor and six Councillors. Elected every three years by the citizens of Penticton, City Council is a legislative body that provides leadership to the City's government.

City Council is committed to ensuring that the priorities of the local citizens guide the policies it establishes and the decisions it makes on civic matters such as land use and budget levels for operations and capital expenditures.

Back row: Councillor John Vassilaki, Councillor Wes Hopkin,
Councillor Andrew Jakubeit, Councillor Garry Litke
Front row: Councillor Judy Sentes, Mayor Dan Ashton, Councillor Helena Konanz

COMMUNITY PROFILE

Penticton, or *sn'pintktn* as translated from the Interior Salish language of the Okanagan First Nations, means "a place to live forever." Englishman Tom Ellis was the first non-Native settler in the area who took the meaning to heart and settled here for good in 1865. By 1907, Penticton had grown to the bountiful size of 600 residents, and was officially recognized by the British Columbia Government as a municipal district. The building of the Kettle Valley Railroad between 1910 and 1915 increased the population to around 1,500 people. By 1921 Penticton was 4,000 strong, but it took until 1948 to gain city status.

A vibrant community with a population of over 33,000, Penticton offers all of the amenities of a larger urban centre, yet maintains the charm and friendliness of a small community. Penticton has a strong commitment to economic development. Incentives, zoning, and investments in infrastructure are strategically aimed to create success for businesses and deliver economic returns to the City. The area has become a prime destination for residential and small business relocations due to the gentle climate, excellent transportation link, strong labour force and the ready availability of first-rate recreational opportunities. Penticton offers business, retirement and investment opportunities in a location that is second to none.

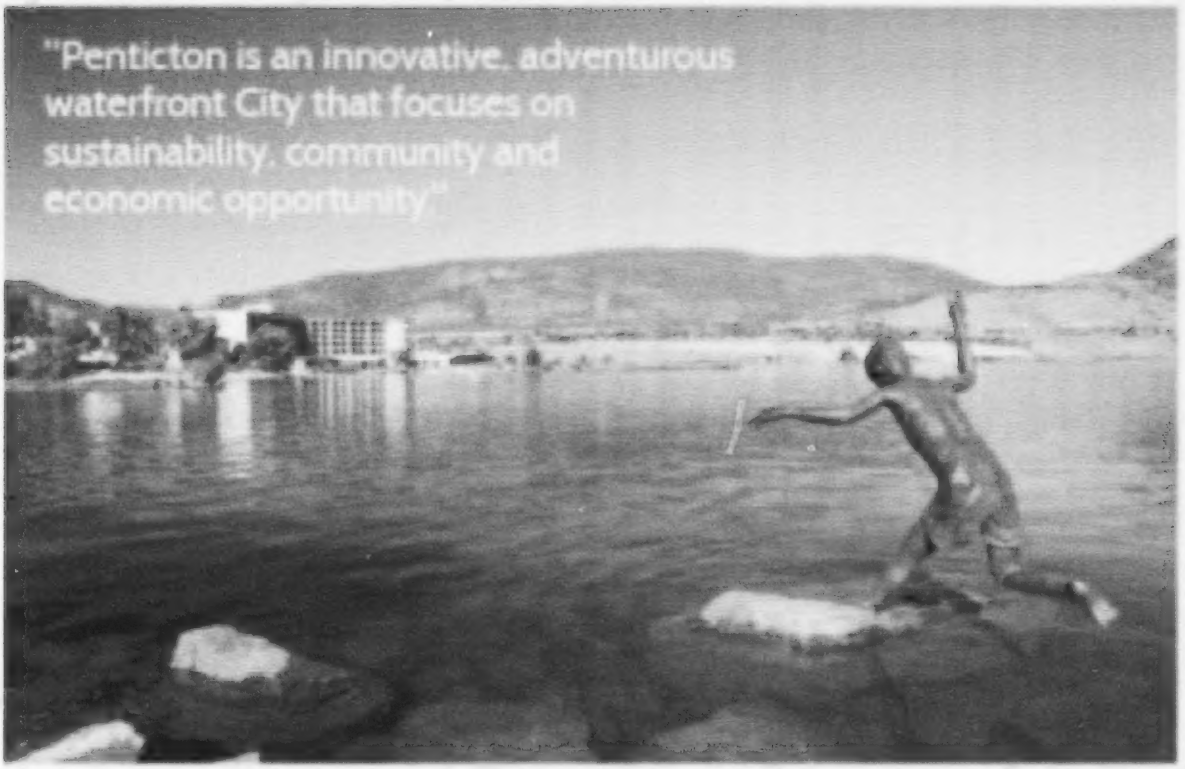
Penticton's economy is based on:

- agriculture (130 wineries are in the Okanagan and Similkameen),
- tourism (1.5 million visitors per year; 41 hotels),
- manufacturing (85 companies are based here),
- and retirement (25% of the population is over 65 years of age).

The overall quality of life in Penticton is enhanced by having the most attractive climate in all of Canada, with low levels of precipitation, high average temperatures, comfortable humidity levels, short winters and early spring seasons.

Penticton is an all-season playground, surrounded by two fresh water lakes and gentle rolling mountains. Penticton boasts four ice arenas, an indoor pool with state of the art water features, an events centre, convention centre, curling rink and an indoor soccer facility. The Okanagan Valley offers one of the longest golf seasons in Canada with courses nestled in vineyards, carved from canyons or appearing like lush oases on the desert landscape. Skiers can enjoy Apex Mountain Ski Resort or Nickel Plate Cross Country ski trails, only a 30-minute drive from Penticton.

Vision



As a result of the public's participation, it is evident that residents of Penticton are interested in sustainable development that embraces a true sense of community with priorities set on quality of life for the elderly as well as the young, and for the environment as well as commerce.

In the fall of 2010, Council articulated the City's vision. It is:
"Penticton is an innovative, adventurous waterfront City that focuses on sustainability, community and economic opportunity."

Mission Statement

The City of Penticton exists to enhance the quality of life for our citizens, visitors and future generations.

We strive to live in harmony with each other and our environment and further our citizens' economic, physical and social well-being.

"Working Together for You"

VOLUNTEERS

Volunteers enrich every community, but the spirit and dedication of Penticton's volunteers is second to none. Without the constant help and dedication of volunteers, many of the festivals and events would not occur.

It takes countless volunteer hours to host events such as the Peach Festival, Olympic Torch Relay, Ironman Canada Triathlon, Elvis Festival, Peach City Beach Cruise, Kiwanis Music Festival, Music in the Park, Okanagan International Children's Festival, Oktoberfest, Meadowlark Festival, Jazz Festival, Canada Day celebrations, Dragonboat Festival and the many, many other events and activities that take place thanks to the generous efforts of volunteers.

Council advisory committees are made up of individuals who volunteer their time and expertise to committees appointed by the Mayor. The committee members meet on a regular basis to discuss matters and make recommendations to Council. The 2011 committees and boards consisted of the following: Agriculture Advisory Committee, BC Climate Action Charter Compliance Advisory Committee, Community Development Advisory Committee, Development Services Advisory Committee, Downtown Enhancement Advisory Committee, Emergency/Protective Services Advisory Committee, Heritage, the Arts and Culture Advisory Committee, Okanagan Waterfront Enhancement Advisory Committee, Parks, Recreation and Tourism Advisory Committee, Seniors Advisory Committee, Transportation Demand Management Advisory Committee, Fiscal Review Advisory Committee and South Okanagan Events Centre Advisory Board.

Penticton volunteers are ordinary people with extraordinary hearts. They offer their time and talents to help, to teach, to listen and to inspire. Thank you volunteers for making Penticton a better place to live.

Awards

Construction Award for Penticton Community Centre

The $23.3 million Penticton Community Centre expansion received a Silver Award from the Vancouver Regional Construction Association's Awards of Excellence in recognition of the project's tight timeline of construction.

The project was a race against time as the March 31 Recreation Infrastructure Canada grant deadline ticked down. The two-year project to design a new facility, demolish an old structure and construct the LEED Silver expansion was condensed down into 15 months. It won an award in the category for general contractors working on projects between $15 million and $48 million.

The project team optimized opportunities and anticipated problems as much as possible. For example, the mechanical room layout was unknown, so the design had to have the capacity for extra room if required.

BCWWA honours City with Corporate Recognition

The BC Water and Waste Association Corporate Recognition Award (now the Outstanding Contribution – Group Award) recognizes a company that has made a significant contribution to BCWWA through service. Councillor Andrew Jakubeit accepted the award on the City's behalf.

City of Penticton shows strong leadership in the water and waste industry by keeping systems up to date with little interruption to service. The BC Water and Waste Association expressed gratitude to the City of Penticton for encouraging its water and waste water employees to volunteer on BCWWA committees and the board of directors. BCWWA also receives a huge amount of support from the City when the conference comes to town.

Awards

Rec coordinator receives Award of Merit

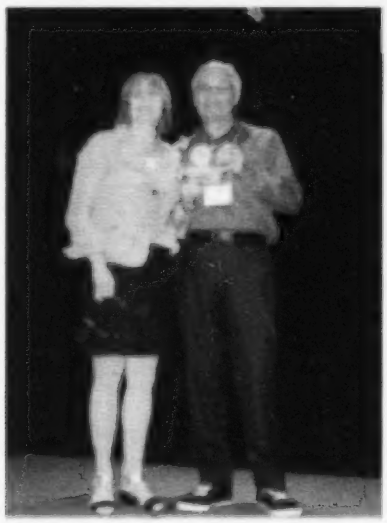
With his infectious enthusiasm and creativity, Bob Pope has always been successful in engaging Penticton residents to participate in recreation activities and special events, as well as build volunteerism locally through his work as a Recreation Coordinator.

He has mentored many young leaders over the years and has supported fellow Recreation Coordinators in Penticton and across B.C. to the fullest every day.

For over 20 years, Bob Pope has supported the advancement of the recreation profession. He has made considerable contributions through the BC Recreation and Parks Association starting in the early 1990s as a member of the Membership Benefits Committee, then as a Regional Director and BCRPA Board Member. Bob has also played key roles in four BCRPA/CPRA Symposiums on planning committees and as a presenter sharing his knowledge and experience with members.

Bob has had a huge impact on community development at both the municipal and provincial level because he is a connector and innovator who shares and celebrates successes in providing recreation services.

Far above and beyond the duties of his job, Bob has dedicated himself to increasing the quality of life for those around him and to getting more people to experience the benefits of Recreation through innovative partnerships and programs. Bob is a cherished member of both the Recreation Department and the Penticton community, and a champion very deserving of the 2011 BCRPA Award of Merit



City of Penticton Organizational Structure

CITIZENS OF PENTICTON (RESIDENTS, PROPERTY OWNERS, BUSINESSES)

CITY COUNCIL

Chief Administrative Officer

Annette Antoniak

Human Resources

Gillian Kenny
Manager

Financial Services

Doug Leahy
CFO

Operations Division

Mitch Moroziuk
Director

Recreation, Culture and Facilities

Chuck Loewen
General Manager

Policing (RCMP)

Brad Haugli
Officer in Charge

Development Services

Anthony Haddad
Director

Corporate Administration

Karen Burley
Corporate Officer

Fire Department

Wayne Williams
Fire Chief

Message from the City Manager

In 2011, the City of Penticton made great strides to increase the number and quality of services available for residents and businesses, all while keeping a close eye on the City's bottom line.

After an incredibly compressed construction schedule, the impressive new Penticton Community Centre aquatic expansion was unveiled to the public during a ribbon cutting ceremony in May. All parties including City staff, contractors and the construction committee worked diligently on the project to meet the project deadline, which meant the new facility was eligible for significant financial support from the Building Canada fund. This federal grant program provided two thirds of the $23.3 million needed to complete the project.

The Penticton Community Centre has been an incredible success and proved to be a catalyst for increased revenue for the Recreation Department. Figures for 2011 posted revenue of $1.13 million, which was $240,000 more than anticipated in the budget. The overall 2011 financial results produced an improvement of $300,000, illustrating staff's commitment to managing expenses and ensuring their operations were streamlined and efficient. These figures only include seven months of operations, and the City looks forward to what a full year of operations in 2012 will bring.

While less visible to the public, the City's Advanced Waste Water Treatment Plant also had significant upgrades in 2011. The $10 million project was fully funded through Infrastructure Canada's Gas Tax Fund. The state-of-the-art facility includes innovative technology that converts greenhouse gas emissions into electricity, recovers heat for reuse in the facility and allows for reuse of grey water for irrigation throughout the south part of the City, reducing demand for treated domestic water. This is a substantial investment in City infrastructure that will serve residents for generations to come.

As we look to 2012, the excitement is tangible. Council engaged the City to focus on the strategic priorities of revitalizing Downtown Penticton and waterfront areas. This direction came after the work of many individuals in producing the City's vision: "Penticton is an innovative, adventurous waterfront City that focuses on sustainability, community and economic opportunity." Council's strong leadership and City staff's dedication are both evident as we work alongside the community to shape Penticton into a vibrant and sustainable City. Together we can make this happen.

Council's strong leadership and City staff's dedication are both evident as we work alongside the community to shape Penticton into a vibrant and sustainable City. Together we can make this happen.

Annette Antoniak
City Manager

Corporate Services

Corporate Administration

Financial Services

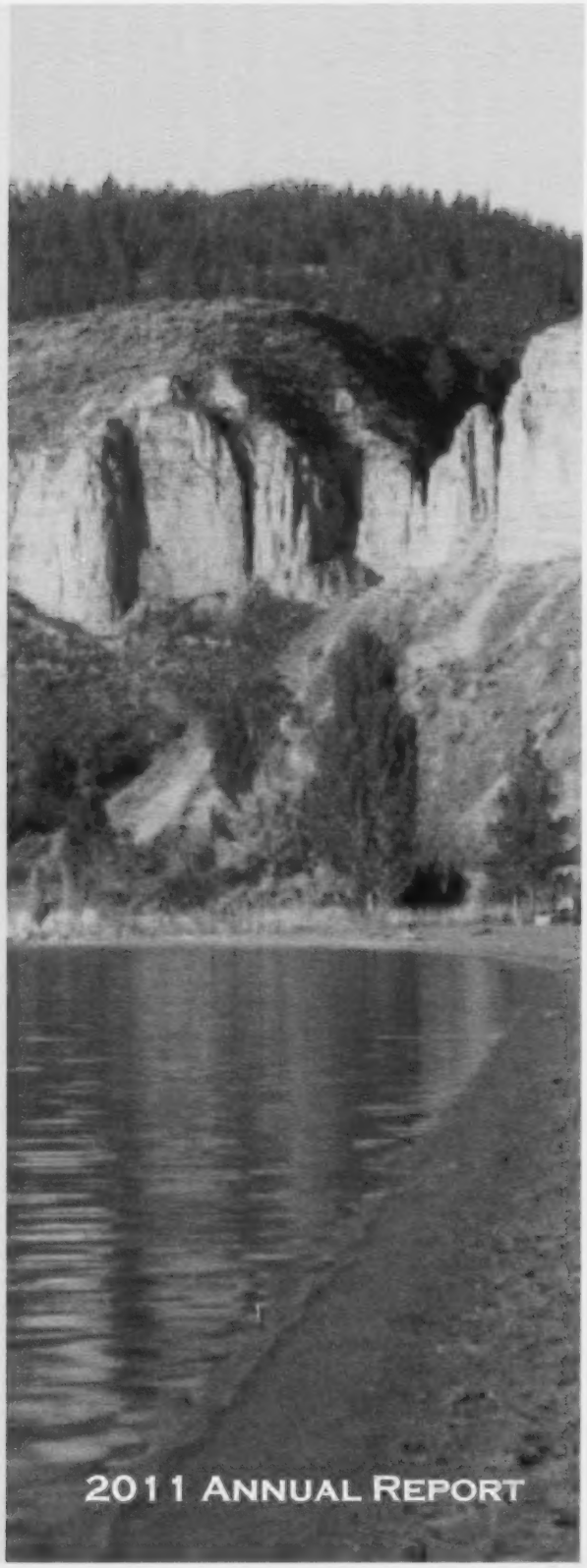
Purchasing

Information Technology

Human Resources

Fire Services

RCMP



Corporate Administration

The Corporate Administration Department is responsible for carrying out the duties as legislated under Section 148 of the *Community Charter* which includes: ensuring Council conducts its meetings in compliance with all statutory requirements; providing timely and accurate information to Council, the public and City staff; administering Council and Committee agendas, minutes, bylaws, policies and official records; administering Freedom of Information requests, conducting elections and referendums; administering oaths and affidavits on behalf of the City, and providing administrative support to the City Manager and Council.

The Department includes the Corporate Officer, Assistant Corporate Officer, Corporate Administration Secretary and a Committee Clerk.

2011 Highlights

- Administered 76 regular, in-camera, and special meetings of Council
- Administered 97 Committee meetings
- Awarded a five-year contract for the provision of legal services
- Administered 63 bylaws
- Prepared the 2010 Annual Report
- Developed a Council Orientation Manual for newly elected officials
- Provided administrative support for the City's Visioning process
- Conducted the Council and School Trustee elections
- Conducted the community opinion poll on a proposed B.C. correctional facility

2012 Goals and Objectives

- Implement a new electronic contracts/leases tracking system
- Implement software to assist with tracking resolutions from Council and Committee meetings and the assignment of tasks associated with Council resolutions
- Conduct a review of regulatory bylaws for the purpose of repealing outdated bylaws and updating legislation in current bylaws
- Develop an updated Council Procedure Bylaw and Elections Bylaw
- Develop report, policy, and bylaw templates to ensure consistency and provide a professional appearance
- Conduct a review of Council policies for applicability
- Develop a "List of Routinely Available Documents" to assist front-line staff when responding to requests for information

Financial Services

The Finance Division manages all financial services for the City including:

- Financial planning and reporting, both internal and external;
- Financial transaction processing of revenues and expenditures;
- Management and investment of municipal funds;
- Corporate risk management and internal control; and
- Billing and collection of property taxes, utility fees and general accounts receivable.
- Financial planning and modeling of City's Operating and Capital Budgets

2011 Highlights

- $52.1 million property taxes collected
- Processed 9,500 Homeowner Grant applications
- $34.7M utilities billed to 17,200 clients monthly
- Launched MyCity, an online application for account maintenance
- Processed in excess of 111,000 transactions via collections totaling in excess of $73 million
- Implemented a revamped 2011 budgeting process, for the 2012 fiscal year, into an organization-wide participative process
- Completed the due diligence phase of the financial accounting system project – selecting the Agresso Business World ERP system to meet the City's current and future needs
- Provided audit and control functions for the 2011 election allowing the City of Penticton to be one of the first municipalities to release results
- Maintained financial and reporting services for the City

2012 Goals and Objectives

- Further promote and enhance web based customer service delivery/payment options
- Introduce e-billing for taxes and utilities
- Implement a third party credit card system for various revenue sources
- Identify further electronic solutions for field staff to record and monitor utility accounts
- Completion of the first phase of the Agresso Business World ERP system implementation
- Commence the implementation of a new control and reporting framework
- Implement new budgeting system that will work in conjunction with Agresso Business World ERP

Purchasing Department

The Purchasing Department is responsible for:

- Purchasing all materials, equipment and most services for the City of Penticton.
- Controlling and maintaining adequate inventory levels for stock materials.
- Disposal of surplus and/or obsolete materials and equipment.
- Developing Purchasing Policies and Procedures.
- Ensuring that all purchasing is made in accordance with Purchasing Policy.

2011 Highlights

- Continue to coordinate joint purchasing with Kelowna, West Kelowna and Vernon
- Input 2009 and 2010 fleet data for E3 (Energy, Environment and Excellence) for BC Climate Action Plan statistics
- Implemented warehouse requisition form
- Purchasing Department invoicing RDOS and RCMP for fleet maintenance
- Held public auction to dispose of obsolete and surplus materials
- Developed Advertising, Sponsorship and Donations policies
- Annual inventory count accomplished without incurring overtime

2012 Goals and Objectives

- Post warehouse requisitions daily
- Review and re-write Purchasing Policy
- Prepare new templates for tenders, RFPs and RFQs
- Prepare invoice payment procedure policy
- Prepare Purchasing Card Holders procedure and responsibility policy
- Continue to work with neighbouring municipalities on joint purchases
- Cross train clerical staff which will report to Purchasing Manager

Information Technology

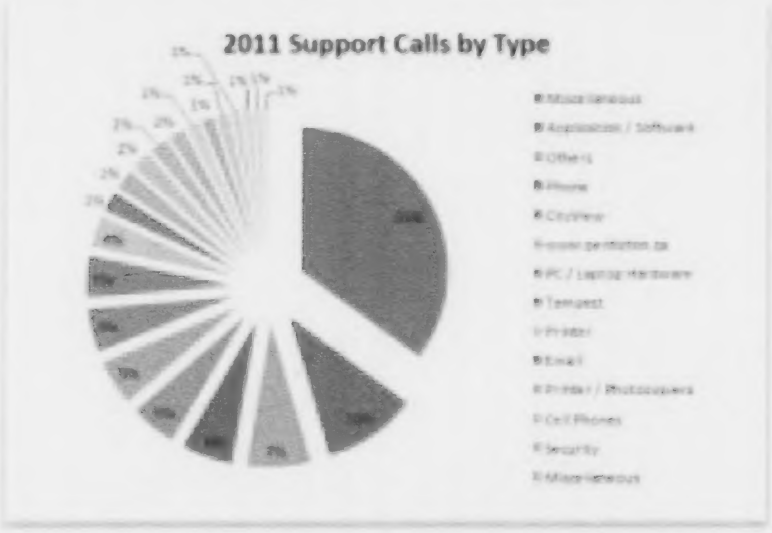
"Enhancing our City through the use of Technology, for our Customers and Employees"

The Information Technology team brings an enterprise focus to the delivery of IT services and IT-based business solutions to enable the efficiency and effectiveness of City resources. IT promotes a culture of customer service, and provides responsive and value-added delivery of IT services to our customers and partners. We engage the expertise, best practices, and innovation of our employees and outside contractors in the delivery of our services. The IT Department also ensures the protection and privacy of citizen, business, and government information by implementing IT security solutions of uncompromised quality.

The IT Department began a movement towards improved customer service and greater efficiencies in 2010 which has continued into 2011. We achieved a number of significant milestones in 2011, and 2012 promises to be yet another year of modernization and technological advancement for the City of Penticton and its citizens.

2011 Highlights

- Processed 1,985 calls for service
- Implemented a dedicated Internet feed, improving performance for both external and internal users
- Replaced 12-year-old pressure sealer and transferred sealing of utility bills to Collections Department for more effective use of resources
- Ensured the new Community Centre came back online in a timely manner with no outages or errors
- Implemented integration between fuel logging system and fleet management system to eliminate timely data entry by staff
- Replaced core network switch, providing performance gains and enhanced reliability
- Deployed Microsoft Office 2010, including training all staff members in the basics of its use
- Launched a redesigned website to better engage and inform the public
- Worked with Collections to launch the MyCity online portal

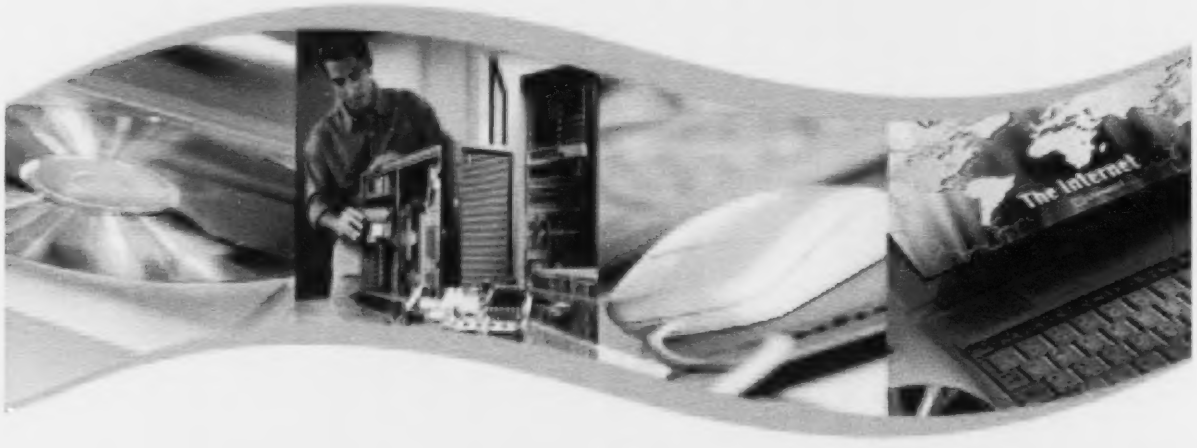


2012 Goals and Objectives

2012 promises to be another year of modernization and technological advancement for the City of Penticton. The focus of 2012 will be on streamlining our server infrastructure to increase efficiencies, reduce costs, and provide synergy with the City's corporate climate action goals. In addition, we will develop a disaster recovery plan and look at business continuity planning. These objectives will promote increased efficiency and productivity throughout the City. A summary of our objectives for 2011 is as follows:

- Renew cellular services contract
- Evaluate photocopier needs and costs
- Develop and implement virtualization strategy for servers
- Replace our main storage appliance
- Undertake our annual computer replacement program
- Purchase and deploy a combination plotter/scanner for Development Services
- Replace the audio-video system in Council Chambers
- Replace the backup power supply in our Data Centre
- Deploy an additional video surveillance server for archival of video
- Provide IT support services to the WWTP and the WTP
- Replace 6 end of life switches at City facilities
- Expand the wireless network at the SOEC and Community Centre
- Work in partnership with Accounting to replace financial software
- Deploy the CityView portal for Development Services' clients
- Deploy the Tempest "Calls for Service" module
- Work with Facilities to develop a strategy for facilities maintenance management
- Implement ESRI GIS and convert from MapGuide

Details of these goals and objectives, as well as timelines for their completion, will be provided in the 2012 Annual Technology Plan. This plan will also include numerous IT performance measures that will be tracked in 2012, including network up-time, customer satisfaction, IT accountability, and project deliverables.



Human Resources

The Human Resources Department exists as a staff organization to meet and balance the needs of all our customers by guiding the City through effective and efficient practices, consistent policies, promoting cooperation and trust, and creating innovative programs.

The Human Resources department for the City of Penticton provides a range of consultative services in several areas. The Human Resources department counsels, advises, guides, participates and works closely with its customers – the managers, supervisors and employees of the City in the areas of Labour Relations, Recruitment and Selection, Compensation Management, Employee Relations, Disability Management, and Safety and Emergency Preparedness. The department is also responsible for providing employees with health and wellness opportunities through the WOW program (Wellness Opportunities in the Workplace).

2011 Highlights

- Successfully negotiated a collective agreement with CUPE Local 608
- Successfully transitioned and hired employees to staff the newly renovated Community Centre
- Updated the City of Penticton's emergency response and recovery plan and provided training to Emergency Operations Centre staff
- Promoted health and wellness for City employees through WOW
- Enhanced communication channels within the Corporation
- Enhanced and streamlined recruitment processes

2012 Goals and Objectives

- Negotiate contracts with IAFF and IBEW unions
- Create and implement a comprehensive employee engagement plan
- Prepare for the Health and Safety Certificate of Recognition as outlined by WorkSafe BC
- Enhance staff development program
- Enhance HR systems, processes, procedures and policies using the principles of continuous quality improvement and excellent customer service
- Support ERP system implementation

Fire Department

The Penticton Fire Department (PFD) is a dynamic, professional organization that has been serving the needs of the community since 1911. Our firefighters work as a team, using their highly developed skills and abilities to provide critical, life-saving services in moments of need.

Celebrating our History

Retired and active members of the Penticton Fire Department and its Honor Guard gathered July 23, 2011 to celebrate the department's 100th Anniversary.

On September 11, 2011 the PFD also honoured the service of some of its long serving members by presenting them with Long Service Awards for those who had provided Penticton with five or more years of service.

Fire Prevention and Education

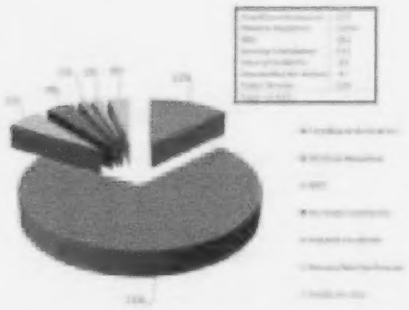
The PFD recognized Fire Prevention Week in October with such events as a fire department open house and Fire Chief for a Day.

Along with recognizing Fire Prevention Week, the PFD's Public Education department furthered its commitment to the community by providing a variety of prevention related events such as Burn Awareness Week, a high school work experience program, fire extinguisher training, a Safety Village family event, the Juvenile Fire Setter Program, and the Cancer Luncheon Fundraiser which raised a total of $2,602.57 for the Canadian Cancer Society.

The Public Education department also provided fire and life safety education to 11 elementary schools within Penticton and provided presentations to approximately 6,500 people.

2011 Highlights

- A donation from BRITCO of a large structure for the purposes of non-destructive training
- The development of Emergency Scene Management Training focusing on accountability and incident action planning
- A peer fitness program was initiated to enable career firefighters to maintain conditioning and strength
- Review of fire protection agreements
- 12 new members were added to the current auxiliary level
- The PFD increased inspection frequencies in the City of Penticton with 1,916 inspections completed and a total of 8 major fire investigations during 2011
- In 2011, the PFD responded to 229 fires, with no lives lost



2010-2011 Stats Comparison

	2011	2010
Fire/Alarm Act.	370	382
Medical Response	2073	1933
MVI	163	203
Burning Complaints	123	136
Hazmat Incidents	44	34
Rescue/Marine	47	57
Public Service	103	79
Totals	2,923	2,824

2012 Goals and Objectives

- **Customer Service:** To maintain a high level of community satisfaction with core service delivery provided to the citizens of and visitors to the City of Penticton.
- **Resources:** To establish Council support for the facilities, vehicles and staff required to meet the targets matched to community growth.
- **Risk Management:** To ensure services provided meet current and evolving regulatory requirements, prudent risk management requirements, and strive towards appropriate level of service guidelines recommended by professional bodies, including exceeding standards in appropriate situation.
- **Fire Prevention and Public Safety:** To provide fire prevention inspections that enable incident avoidance and/or minimization of injuries, fatalities, and property loss, inclusive of investigations and public education.
- **Training:** To achieve and maintain the level of knowledge, skill and experience to safely and effectively perform responsibilities, and meet service delivery standards.

- **Pre-Incident Planning:** To ensure up-to-date electronic pre-incident plans are in place for appropriate commercial, industrial, institutional, and multi-family complexes.
- **Composite Service:** To confirm composite service delivery by Career and auxiliary fire fighters responsive to evolving growth patterns and service delivery requirements.
- **Performance Management:** To monitor, action, and report actual performance compared to performance measures to Council.
- **Strategic Management:** To establish a strategic management framework that will align with Council's Strategic Priorities.
- Complete a Fire Department Services Review to identify efficiencies and service improvements to achieve a more streamlined operation.
- Finalize the First Responder Agreements and continue training to maintain and improve skills.
- Organize and prepare the 2013 BC Training Officers Conference.
- Organize and prepare the 2013 BC Fire Chief's Association Conference.
- Finalize installation of emergency generator at Station 202.
- Finalize the order and replacement of fire apparatus.
- Maintain the departments updated and revised Operational Guidelines and Policies.
- Continue development of the BRITCO training structure.
- The continued training and recruitment of auxiliary firefighters.
- The continued provision of skill maintenance and advanced training for career firefighters.

RCMP

Penticton RCMP is committed to delivering effective, responsive and innovative policing to the citizens of our detachment area. Our policing priorities, informed by dialogue with the citizens of Penticton, include ensuring safe roads; reducing the abuse of drugs and alcohol; and improving communication to our clients. The Penticton RCMP along with our partners and stakeholders understand that prevention is the key to a healthy community. We also know that we cannot achieve these goals alone. We need to work collaboratively with all community members to ensure that Penticton is a safe, healthy community for everyone. The Penticton RCMP is very proud of the commitment of all its employees to policing excellence.

"The Detachment focus is on proactive measures to reduce crime and ensure the safety of all citizens of Penticton. Through the use of technology, innovative crime reduction and community policing programs focusing on building relationships, the RCMP in Penticton will continue to deliver on our commitment to support a safe and vibrant city. Through innovative programming and partnerships, targeting prolific offenders and the use of crime reduction strategies, all members of the Penticton RCMP are committed to making Penticton the safest and healthiest community in which to live, work and raise a family."

- Officer In Charge Brad Haugli

2011 Highlights

- Penticton RCMP in partnership with School District 67 Okanagan Skaha hosted training in risk and threat assessment for schools and community. Over 60 individuals attended a two-day workshop. A committee was struck and is currently finalizing a community protocol for risk and threat assessment.
- In 2011 Penticton RCMP was challenged with a number of high-profile files involving violent crime, including a sexual assault by a known high-risk offender, a kidnapping/attempted murder and a homicide. These files were resolved quickly and successfully through the hard work of members and support staff, with all suspects located, arrested, charged and in custody awaiting court.
- The rates of assault, auto crime and residential break and enter saw declines in 2011 compared with 2010. Members responded to increases in robbery and business B&Es in 2011, this included a series of over 30 apartment building break-ins in November which resulted in a conviction on multiple charges.
- A small group of local individuals continue to generate a disproportionate number of police files. This group of individuals is comprised of males and females between the ages of 27 and 56 who suffer from mental health or substance abuse issues, typically have no fixed address and are in constant contact with police, most commonly in relation to high-volume calls such as public intoxication and causing disturbances.
- Working in partnership with South Okanagan Traffic Services and Integrated Road Safety Unit, Penticton RCMP members have conducted many roadside checks throughout the year.
- Penticton Vital Signs Survey, conducted by the Community Foundation of the South Okanagan during 2011 included public input on community safety, which received a B survey grade.

2012 Goals and Objectives

Penticton RCMP Detachment and community stakeholders have, through consultation and discussion, agreed to focus collectively on the following priorities:

Substance Abuse – Drugs and Alcohol
Reduce the Abuse of Drugs and Alcohol:

- Drug "Interdiction"
- Monitoring of gangs and gang related activities
- Parolees, Prolific and Chronic Nuisance Offenders

Traffic Safety
Contribute to Safe Roads:

- School Zone enforcement and education
- Distracted Driving Project
    - Traffic Unit to initiate pre-planned and publicized projects to raise awareness and educate the public in the danger of distracted driving
- Enhance marine safety
    - Increase visibility on Okanagan and Skaha lakes

Safety – Child/Youth Safety
Contribute to safer youth:

- Restorative Justice Program
- Community Risk and Threat Assessment Tool
    - School District 67 and Penticton RCMP collaboration
- Ecstasy: Nothing's Free Project
    - raising community awareness on the dangers of ecstasy

Operations Division

Electric Utility

Engineering Services

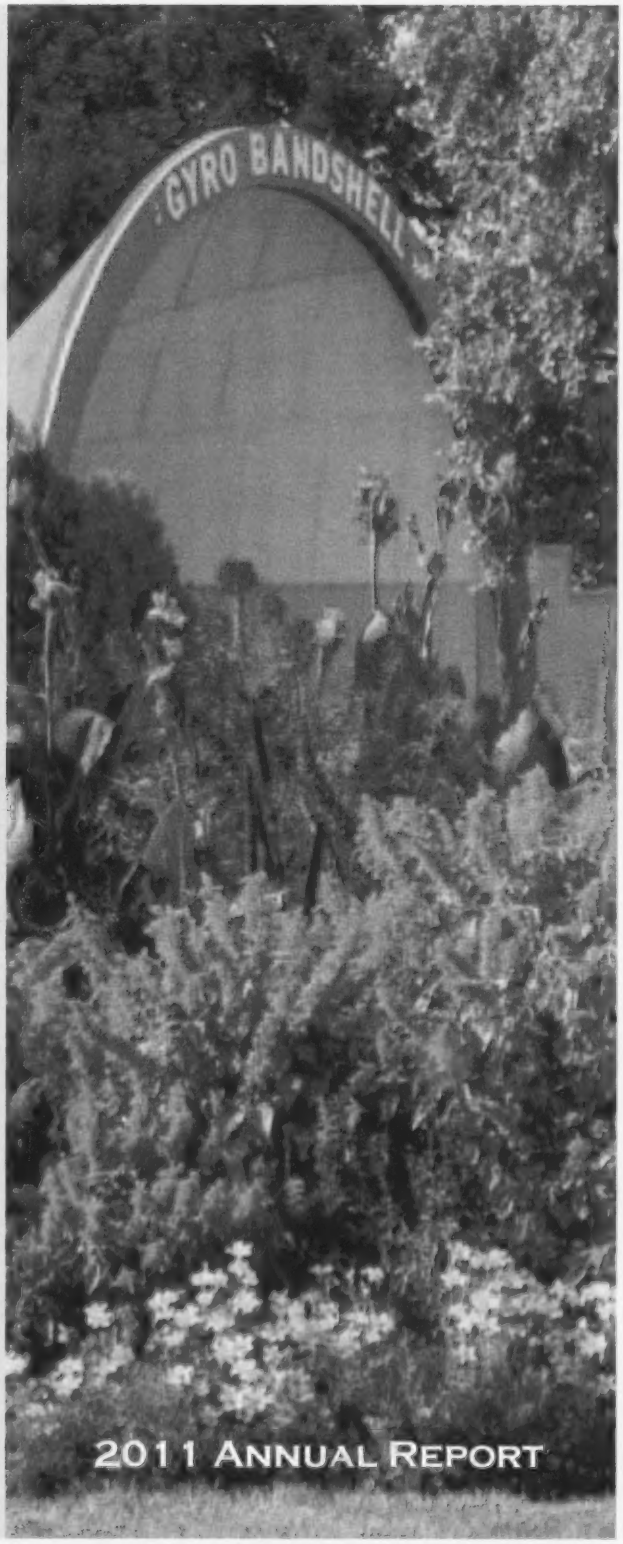
Water Treatment Plant

Waste Water Treatment Plant

Public Works

Parks

Fleet Services



ELECTRIC UTILITY

The Electric Utility is responsible:

- to design, install, operate and maintain the City's electrical power distribution system;
- to provide electrical service to residential, commercial and industrial customers within our service area;
- to provide engineering design and construction for alterations and extensions made to the electrical utility system; and,
- to provide revenue metering equipment and meter replacement when due for testing under the requirements of Measurement Canada.

In addition, the Electrical Department provides assistance for turn-ons, turn-offs and cut-offs of electrical service, and specification, design, layout, installation and maintenance of traffic control systems and equipment and street lighting.

2011 HIGHLIGHTS

- Completed development of the 20-year Electrical Distribution System Master Plan
- Incorporated Master Plan recommendations into 2012 Operating and Capital Budgets
- Completed a Street Lighting Technologies Pilot Program and reported on results
- Overhauled three re-closers at Westminster Substation
- Rebuilt the overhead distribution system in Windsor Lane, replacing 9 poles and 480 meters of #6 copper conductor
- Prepared quarterly reports comparing estimated and actual costs for Work Orders
- Prepared report comparing Electric Utility costs versus private sector for specific jobs
- Completed design and installation of new traffic signals at Government and Warren intersection
- Installed audible pedestrian signals at seven intersections in the downtown core
- Completed Phase 2 of the Accelerated AMR Deployment Program, attaining 83% deployment
- Connected the Utility's first Net Metering customer to distribution grid (200 KW photo-voltaic array)
- Continued Voltage Conversion program, including replacement of 108 transformers
- Installed fiber optic communication link into Westminster Substation for SCADA system, eliminating monthly leased line expenses
- Completed test and treat program for 515 wood poles in rural area
- Replaced 43 rotten wood power poles as part of ongoing pole replacement program
- Upgraded Huth Substation feeder egress cables to 750 MCM copper for increased load capacity

2012 Goals and Objectives

- Complete the design and construction of the LED Street lighting along the Skaha Lake Promenade in support of the Strategic Priority for Skaha Lake waterfront enhancement
- Reach a decision regarding on the best mechanism to provide for distribution system security: the installation of step transformers or the installation of a 12 KV transformer at the FortisBC Westminster Substation
- Install a Voltage Regulator on Middle Bench Road to improve rural area voltage support
- Install circuit ties for R-3, R-10, R-21, and R-24 to provide for increased system security
- Re-conductor Main Street west lane to 477 AL to increase system security
- Install 477 AL tie between circuit R-4 and R-5 to provide for additional switching and backup ability
- Continue with the wood pole replacement program
- Increase public and employee safety by continuing with the #6 Copper Conductor Replacement Program
- Install Totalizing Demand Meters at the four City of Penticton substations
- Continue with the Voltage Conversion Program in the Redlands and Uplands areas of the City.
- Take the AMR Electric Meter Conversion Program to the 98% complete level
- Institute a Wood Pole Test and Treat Program for areas not covered in 2011
- Complete the overhaul of the Carmi Substation re-closers
- Install a traffic signal (pedestrian controlled) at the intersection of Main St. and Okanagan Ave.
- Review and update Safe Practice Regulations used by Departmental staff
- Complete a feasibility study to determine if there is a business case for the construction of a micro hydro or natural gas/wood fuelled electrical generation facility
- Complete a study to determine if there is a business case for the City to provide a loan program for customers to upgrade their homes to reduce energy costs
- Complete a new Pole Contract Agreement with Shaw and Telus
- Complete a written policy that sets priorities and maintenance standards for the various aspects of work performed in the Electrical Utility

Engineering Services

The Engineering Department is responsible for:

- Providing professional engineering advice;
- Undertaking long range infrastructure planning;
- Planning, budgeting, designing and constructing infrastructure; and
- Maintaining a record of City infrastructure.

2011 Highlights

- Completed the 2011 Capital Works Project which included major utility upgrades along Warren Avenue and 2,500m of water main that was installed in various locations around the City to improve fire flow and replace aging pipes
- Completed design and supervised construction on the Downtown planter removal and sidewalk replacement in front of the City Centre building
- Completed the design and estimating for the relocation of an irrigation line up to Riddle Road
- Designed the Wade Avenue stairs that connected with the KVR Trail
- Provided alignment pins on Ellis #4 Dam and Greyback Dam
- Installed bike lanes on Carmi Avenue and Lower Bench Road
- Completed due diligence regarding development costs for the correction centre

2012 Goals and Objectives

- Participate in the Strategic Priority related to the downtown plan and redevelopment
- Complete the public consultation, design and budget phases of the Strategic Priority for the reconstruction of the West Okanagan Lake Promenade
- Work on the due diligence components related to the Strategic Priority to redevelop the East Okanagan Lake area and Skaha Lake Marina areas
- Complete the design and construction of the 2012 Capital Works Contract including asphalt overlays, curb and sidewalk, and water sanitary and storm main replacements at various locations in the City
- Complete the Golf Course Pond rehabilitation works, this will carry over to 2013
- Complete traffic calming, intersection and crosswalk improvements at various locations
- Continue to work with the RCMP, schools and PACs on improvements to school zone signage and traffic calming in the community
- Move the Bike Network Plan through the Public Consultation and Bylaw amendment and phase 1 implementation phase
- Intersection improvements at two Middle Bench Road intersections to improve safety
- Undertake an assessment of the Kiwanis Walking Pier
- Complete research and develop a Local Improvement Area strategy
- Partake in work related to servicing of lands at and in the vicinity of the airport
- Provide engineering reviews for proposed development projects
- Continue to issue permits related to road closures and earthworks
- Complete switch over from the MMCD Gold Edition to the MMCD Platinum Edition Contract Document for our Capital Works Projects.

Water Treatment Plant

A healthy community relies on high quality, pathogen free water for many uses in our daily lives. That is why the City of Penticton chose to build a water treatment plant. The treatment decided upon is based on the multiple barrier treatment system. The water treatment plant ensures that the City of Penticton users will continue to have high quality water far into the future.

The plant was recently upgraded and commissioned to increase the peak plant capacity by 47% from 60,000 m^3 per day to 88,000 m^3 per day and to better allow for the treatment of highly coloured Penticton Creek as well as low turbidity Okanagan Lake water. These dual water sources provide the City of Penticton with an excellent supply, capacity and operational flexibility. Modern control and instrumentation systems are used to monitor treatment plant operation. The latest supervisory and data acquisition system allows City staff to monitor remote water supply facilities from the water treatment plant. Backup systems are in place to deal with equipment and power failure.

2011 Highlights

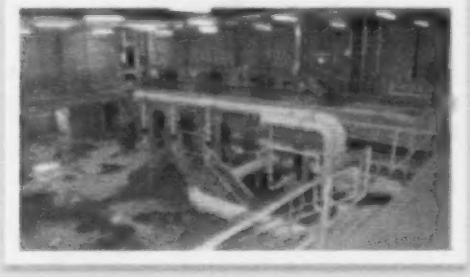
- Tendered and awarded new backwash pump
- Optimized Water Treatment supervisory control and data acquisition
- Plant optimization

2012 Goals and Objectives

- Explore efficiencies in the operations at the WTP
- Complete a Watershed Protection Study
- Complete the install of the third filter backwash pump
- Complete plant maintenance and equipment refurbishment
- Optimize communication between Evergreen Reservoir and the Water Treatment Plant
- Upgrade Naramata Rd pump station to service new development. Upgrade will include incorporation of SCADA for this station

Waste Water Treatment Plant

The Advanced Waste Water Treatment Plant is designed to treat 27,000 m^3 per day with a peak hydraulic capacity of 55,400 m^3 per day. The plant has recently undergone a $24 million upgrade, which included replacing outdated equipment, increased plant capacity and includes electricity generation for internal use using waste bio gas and effluent heat recovery for the heating two plant buildings. In 2011 the plant treated 4,199 mega litres (ML). This is a decrease of 7% from 2010.



New reclaimed water pumping station and new UV disinfection system

2011 Highlights

- Commissioning of new process equipment
- Operating an existing WWTP during major construction
- Complete annual equipment replacement.
- Unforeseen Upgrades to Fairview lift station resulting from a failed force main
- Re-tendered new sludge hauling contract
- New south reclaimed water system started up that provides reclaimed water to the south end of town and reduces potable water usage
- Modify shift schedule to best utilize staff with new plant equipment in place

2012 Goals and Objectives

- Optimization of new process equipment that has been recently installed at the AWWTP
- Close out the completion of construction of the AWWTP upgrade contract
- Complete an evaluation of how to address reconstruction, replacement and/or abandonment of the digesters
- Complete the design and construction for the fermenter upgrade/rebuild
- Complete plant maintenance and equipment refurbishment
- Small lift station assessment of lift stations nearing their life cycle
- Lee Ave. lift station, address odor concerns by installing new odor control system
- Annual equipment replacement, including VFD replacement, screw pump assessment, gas detector replacement, gearbox replacement and various small electrical projects
- Assessment of 50-year-old pumping station in the basement of administration building

Public Works

Works & Administration

The Public Works department exists to provide safe, reliable services and planning to promote a healthy environment and vibrant community. The objectives are to provide policy advice to City Council, advice and guidance to the public and cost efficient and effective hard services.

The Works Section of the Public Works Department is responsible for the Operations & Maintenance of:

- The treated and irrigation water distribution system;
- The waste water collection system;
- The storm collection system;
- Solid waste and recycle collection;
- The compost site;
- Roads;
- Street signage;
- Dam structures; and
- Water metering.

2011 Highlights

- Implemented new solid waste and recycling service levels and corresponding five-year contract
- Completed the design and cost estimate for the Penticton 2 Dam upgrade
- Three properties in Riddle Road Area were serviced with agricultural irrigation water using underground directional drilling techniques
- Greyback Dam inspection and temporary repair of gates using dive team and specialized consultants
- Upgraded 870 domestic water meters as per RF program. Project will be 98% complete in 2012
- Installed approximately 30 meter pits in rural areas
- Installed 12 hydrants as part of the ongoing hydrant spacing improvement program
- Made enhancements to the fire flow in the industrial area with the completion of the recommended system connections
- Dredged the silt from the Ellis Reservoir Intake
- Improvements to the Ellis Creek Channel to mitigate flood potential
- Installation of pedestrian access to KVR from Wade Ave East by way of new stair installation
- Determined access, inventoried, and inspected all unused reservoirs which are currently under the City's water license responsibility
- Corrected all infiltration issues identified through the 2010 sanitary sewer smoke testing program

2012 Goals and Objectives

- Complete the removal of downtown concrete planters in support of the Downtown Pentiction Revitalization Strategic Priority
- Complete sidewalk construction at: Duncan Avenue – Atkinson to Fairview; Fairview Road – Huth to Duncan; Warren Avenue – Main to Mobile Home Park; Industrial Avenue – Main to Quebec
- Complete the design and construction of the KVR path upgrade from Sutherland Road to Vancouver Hill
- Move the Penticton Transit System Review through the public consultation and adoption process
- Complete upgrades to the rural water meter pits
- Complete upgrades to the irrigation water infrastructure
- Complete the replacement and upgrade to the Greyback Dam water discharge gates
- Complete the remedial works at Penticton 2 Dam to meet current Dam Safety Regulations
- Complete safety railing system at Campbell Mountain Diversion Dam
- Continue with the fire hydrant spacing improvement program to improve spacing
- Complete the annual water main leak detection program
- Take the AMR Water Meter Conversion Program to the 98% complete level
- Develop and implement an Adopt-a-Road Program

Parks Department

Parks, beaches and trails are an important element of Penticton's superb quality of life, providing beauty and tranquility in the community. Sun seekers can enjoy miles of warm, sandy beaches while water sport enthusiasts will find their every need catered to. Paved walkways and cycle paths along Okanagan and Skaha beaches or the Kettle Valley Railway pathway attract joggers, cyclists and hikers. Lush parks and tennis courts provide endless hours of outdoor fun.

"The mission of the Parks Department is to achieve socially worthwhile goals through the provision and protection of public open spaces, which enhance quality of life for our citizens, visitors and future generation."

The Parks Department is responsible for the operational maintenance and capital development of 365 acres of public open space:

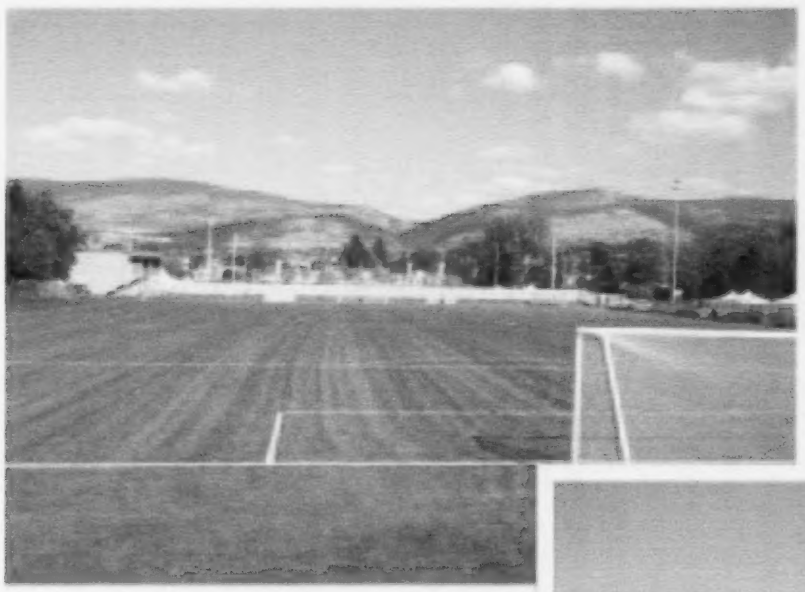
- Sport fields and outdoor recreational facilities
- Beaches and lake buoys/rafts
- Trails and pathways
- Trees, shrubs, turf and landscaping
- Floral displays and hanging baskets
- Litter and garbage collection
- Playgrounds, splash pads, skate parks
- Furniture, public art and fountains
- Support for special events
- Natural areas
- Cemeteries

2011 Highlights

- Completed Community Centre xeriscape landscaping project
- Completed gazebo installation in partnership with the Penticton Canadian Italian Society
- Began implementation of irrigation central control and efficiencies in our high profile parks
- Completed design and commenced construction of Ellis Creek Park
- Worked with SOYSA to open soccer fields early to allow the first annual Spring Cup tournament
- Worked with BMX Association to review site options and facilitated expansions and improvements to their track
- 4 locations for dog off-leash areas were approved by Council and designed for spring 2012 implementation
- Parks Master Plan was recommended for adoption by Parks, Recreation and Culture Advisory Committee
- Lions Park, Skaha Park and McGregor Park successfully converted to effluent irrigation
- Prepared Kings Park for a very successful SOYSA Tournament and Ladies Vancouver White Caps game
- Provided four wheelchair accessible picnic tables in parks
- Installed waterfront activity maps in parks and at beaches

2012 Goals and Objectives

- Complete the design and construction of the Elm Street Park in support of the Strategic Priority for Skaha Lake waterfront enhancement
- Complete the design and construction of the enlarged park and enhanced beach access on the Skaha Lake support of the Strategic Priority for Skaha Lake waterfront enhancement
- Complete the design and construction of improvements to the vendor water supply in Okanagan Lake Park in support of the Strategic Priority for Okanagan Lake waterfront enhancement
- Complete the extension of the Kings Park fence
- Continue with the bleacher replacement program
- Complete the Ellis Creek Park trailhead
- Move the Penticton Parks Master Plan through the Council, public consultation and adoption process
- Complete the Cemetery Master Plan
- Complete the installation of dog off-leash parks approved by Council
- Successful implementation of new Parks Division budget structure



Fleet Services

The Fleet area is responsible for the long range fleet planning, maintenance, purchase and disposal of equipment for the City of Penticton, the Fire Department, the RCMP and the Regional District of Okanagan Similkameen. A total of 184 pieces of equipment are under the care of the Fleet area.

2011 Highlights

- Worked with other Okanagan Valley cities on the joint procurement of a GPS vehicle tracking system
- Worked towards the Council endorsed Fleet Review and Downsizing Strategy with a further reduction of 6 vehicles from the City fleet
- Effective fleet right sizing and the administration of the anti-idling policy has resulted in a 7.5% reduction in fuel consumption from 2009 to 2011 This equates to a 21,825 litre reduction in fuel consumed

2012 Goals and Objectives

- Complete the purchase of a replacement fire truck
- Complete the purchase of a replacement loader for the compost site
- Complete the purchase of a replacement street sweeper
- Complete the purchase of a new electrical line truck
- Complete the purchase and installation of GPS in the City fleet
- Continue with progressive maintenance and optimization of the City fleet

Development Services

Development Services

The Development Services Department is committed to responding to the needs of the community. Constantly challenged with providing increased levels of service, 2011 saw a number of improvements move the department forward.

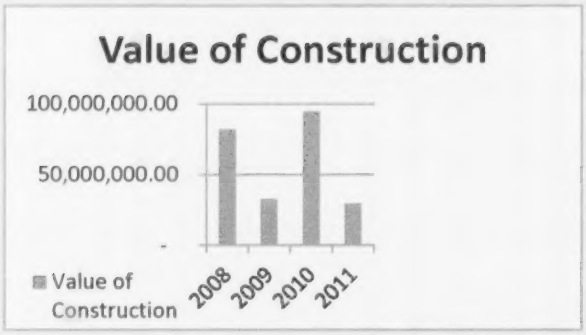
Team changes in 2011 included the addition of a Building Department Manager, Land Administrator, Development Technologist, a Building Inspector and a Bylaw Enforcement Officer.

A total of twenty employees formed the Development Services Department in 2011.

Building activity slowed in 2010, in line with current economic conditions. The value of construction also significantly dropped, as a number of smaller building applications were seen in 2011 versus three larger projects that were completed in 2010 (Community Centre, Okanagan College, and Atkinson Towers) contributing towards the bulk of the more significant construction activity.

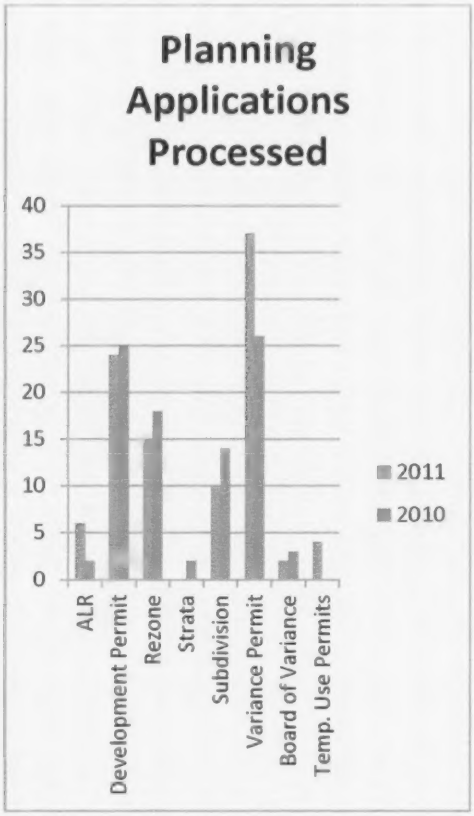
2011 Highlights

- The 2011 calendar year was highlighted by a number of improvements within the division.
- Planning application numbers in 2011 increased by 9% from 2010.
- City Council endorsed the City's Corporate Climate Action Plan in April 2011. 2012 will be an implementation year with the aim of reducing the City's carbon footprint. This will include energy efficiency upgrades at City facilities and new policies, such as a green procurement policy.
- The New Zoning Bylaw was adopted in July 2011 and became effective in September 2011. Throughout 2012, the Planning Department will coordinate ongoing maintenance and updates of the bylaw.
- The Planning Department processed 98 applications in 2011 many of which are under construction or completed. Highlights include the new Landmark Theatre complex, scheduled to open this summer.
- Working jointly with Economic Development, the Planning Department coordinated a redrafting of the City's Economic Investment Zones program. The new program has been expanded substantially to attract "key land uses" and major investment. The first project to receive incentives under the new bylaw will be the new Landmark Theatre complex.
- Building permits processed in 2011 totaled 735, which was 90 applications lower than in 2010.



2012 will be another exciting year for the Development Services team. With strong direction given through Council's Strategic priorities, staffing resources can be allocated to ensure projects are completed.

Constant improvement on the customer service front was seen in 2011. With a need to continually respond to the needs of our community and the change in economic climate, the Development Services Division needs to be aware of our customers' needs and respond accordingly.



2012 Goals and Objectives

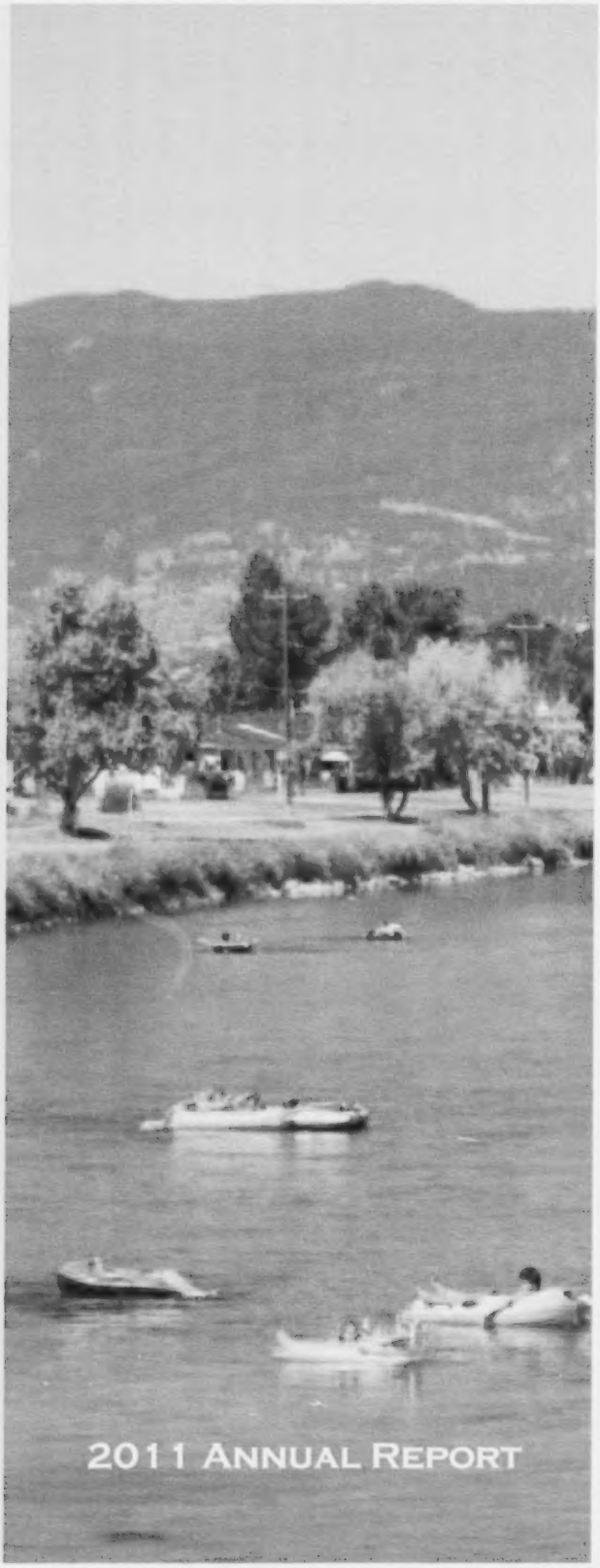
- Completion of the Downtown Planning process – Council Strategic Priority
- Efficient processing of Planning, Building and Business Licence applications – continually review existing processes
- Continue to improve and provide outstanding customer service to our community.
- Review of planning and building fee structures
- Climate Action – implementation of Corporate Climate Action Planning work
- Urban Deer Management – implement action plan
- Brownfield redevelopment – implement new bylaws and incentive programs to deal with vacant properties and unsightly and/or hazardous buildings
- Update old bylaws – review and amend existing bylaws to improve efficiencies
- Educate staff and the development community with regards to the 2012 BC Building Code changes

Recreation & Culture

Recreation

Facilities

Museum



RECREATION DEPARTMENT

Mission:
Through strong leadership and in partnership with volunteer, public and private service providers, the Recreation Department promotes and contributes to a healthy community and enhances the quality of life for residents and visitors of Penticton, through planning, management and delivery of recreation, sport, events and active living opportunities.

Vision:
The Recreation Department - a vibrant and innovative City champion delivering exceptional service and programs making Penticton a sustainable, diverse, active community in which to live, work and play.

Strategic Priorities:
Community Centre & Recreation Facilities:

- To provide the amenities and services for our customers and employees in clean, safe, healthy, accessible, inclusive and exceptional facilities.

Programs & Services:

- To provide and offer a variety of innovative, high quality and desirable programs and services that will attract, capture and retain an expanded customer base.

Marketing, Communications & Connections:

- To develop a loyal Recreation User customer base, educate the community and visitors on the benefits and value of Recreation, and promote our programs and services to maximize participation in our facilities and return on investment.
- To be a proactive leader and partner in

2011 HIGHLIGHTS

- The $23.3 million Penticton Community Centre expansion project funded by Federal, Provincial and Municipal governments was completed on time and on budget.
- The expansion project earned a Silver Award in the Vancouver Regional Construction Association's Awards of Excellence.
- The project included a new 25 meter main pool, leisure pool (with play features like a bubble pit, lazy river and spray features), large whirlpool, waterslide, steam room, sauna, accessible and family change rooms, a larger and relocated fitness room, state-of-the-art pool filtration system and energy efficiency upgrades for the building.
- On June 4, over 500 people attended the ribbon cutting ceremony to celebrate the opening of the expanded facility after 15 months of programming in satellite facilities throughout Penticton.
- Free public swimming was offered the first week after opening with 8,900 people jumping in the pool to try it out.
- A regional market review was conducted of pool and fitness room fees and charges to set new rates for the expanded facility. A similar process was implemented to develop new rates for McLaren Arena.
- Staff investigated and implemented community partnership opportunities to increase efficiencies in the provision of recreation services which included skating lessons, masters swim instruction, birthday parties, select fitness programs and outdoor adventure programs.
- Staff developed one the Province's first newly mandated Pool Safety Plan for approval by Interior Health prior to opening the facility.
- In June, the Recreation Department welcomed the new General Manager, Chuck Loewen, who brought extensive business, marketing and customer service experience.
- The Penticton Community Centre's 'Try It For Free Week' Sept. 10 to 17 was a great success with over 1,000 visits to the Fitness Room and programs like Bellyfit, Pickleball, Tai Chi, Chi Gong, Zumba and Gymboree.
- Strategies to explore alternate revenue sources in recreation were examined, among

maintaining, developing and promoting our community's recreational assets, attributes and opportunities, thereby maintaining and enhancing our City's sustainability and longevity.
- To deliver exceptional service by all staff, contractors and volunteers through a customer centered community team.

Operations, Finance & Technology:
- To explore and implement sustainable revenue generating ideas and operational efficiencies that will ensure fiscal health and responsibility of Recreation.
- To provide and manage the procedures and systems that will support our programs, services and processes.
- To acquire and maintain the necessary information systems and technology that will support all of the processes required to achieve efficiency, productivity and exceptional results in all operational areas.

them an RFQ to lease Community Centre space to wellness providers. Additionally, policies on advertising, sponsorship, and donations were updated.
- The Recreation Department hosted Penticton's Astronaut Alvin Drew for a special community presentation in August.
- The Department initiated a free program for at-risk Grade 8 girls using BCRPA grant money. Girls were taken on winter adventures with female role models to mentor and inspire.
- Recreation Coordinator Bob Pope received the 2011 BCRPA Award of Merit recognizing achievement at the Municipal, Regional and Special Interest Area level that involves a significant, distinct contribution to the enhancement of local recreation and parks.
- The success of the expanded facility surpassed expectations with the results improving the 2011 budget by almost $300,000.
- Aquatic public swimming (June-December) showed an over 200% increase in participation over 2009 and an increase in revenue of over $203,000.
- Through creative marketing initiatives, monthly purchases of Fitness Room memberships increased by 67% from August to November.

2012 Goals and Objectives

- Develop a comprehensive 3-5 year Recreation Strategic Plan
- Develop and implement a Recreation Marketing Plan
- Develop and implement a Recreation Loyalty Club Program
- Develop and implement strategies to improve and create new revenue streams (optimization of recreation facilities including the Cleland Theatre, lease agreements, concession services, sponsorship, advertising, retail, etc.)
- Implement a Recreation Community Needs Assessment/Survey to receive public input on recreation programs, services and facilities
- Complete a competitive analysis for admission, program and rental fees and update Recreation Fees & Charges Policy and Bylaw
- Work with Finance and IT Departments to improve financial reporting systems
- Implement Fitness Room equipment upgrade and expand Fitness Room marketing efforts
- Facilitate a City wide collaborative approach to Outdoor Events & Festivals including a new streamlined process for event organizers

Facilities Department

Mission:
The Facilities Department plans, designs, builds, manages, operates and maintains city owned buildings and facilities to ensure Penticton is an attractive and desirable place to live, work and play.

Vision:
The Facilities Department - an environment that engages and fosters employees to contribute to the continual improvement of services to civic and recreational buildings, facilities and equipment.

2011 Highlights

- Provided technical support and acted as liaison with contractors and consultants during the Community Centre aquatic expansion and renovation
- Re-opened the expanded and renovated Penticton Aquatic and Fitness Centre on time and on budget June 2011
- Upgraded SS Sicamous holiday lighting to energy efficient LED
- Replaced ballasts and lighting to energy efficient at City Hall, City Yards and RCMP
- Upgraded City Hall lobby
- Upgraded security system at City Yards
- Successfully facilitated the process to integrate Engineering Department into City Yards facility

2012 Goals and Objectives

- Support City Council Strategic Priorities for Downtown Revitalization with Gyro Park Band Shell upgrade
- Support City Council Strategic Priorities for Waterfront Enhancement with SS Sicamous structural improvements; Skaha Lake Park electrical and water upgrades; Okanagan Lake Park electrical and water upgrades in cooperation with Parks Department
- Initiate and complete the Facilities Department Master Plan for the next 10 to 20 years
- Continue Climate Action Plan with completion of city wide energy retrofits at other city properties and lighting conversions at Fire Hall #2 and Leir House
- Replace interior lighting at Memorial Arena and Penticton Trade and Convention Centre to be more energy efficient
- Renovate and upgrade Committee Room A, Board Room and 2nd Floor Reception at City Hall
- Replace the roof over original side of Community Centre
- Renovate the Cleland Community Theatre lobby
- Repair roof, upgrade signage, renovate washrooms, painting and replace carpeting at Library/Museum building
- Upgrade garage air handling at City Yards
- Upgrade and replace emergency generator at Fire Hall #2
- Upgrade carpet and painting at RCMP building
- Demolish old SPCA building
- Replace evaporative condenser at Memorial Arena
- Upgrade Kings Park plumbing
- Upgrade fresh air supply at Curling Club
- Replace roof at Lakawanna Park concession and washrooms
- Complete restorations at Leir House

Museum and Archives

The goal of the Penticton Museum and Archives is to provide a platform for public engagement in defining, conserving and managing the heritage values of the community. To meet this objective, the museum has created its mission statement to read:

"The Penticton Museum strives to deliver professional exhibits, public programs, archival services and collections management practices; with the goal of ensuring cultural and heritage resources are properly managed to ensure they represent a long-term component of Penticton's physical identity and community character."

The mission statement is a long term vision for the museum to meet the heritage preservation obligations required of it as department within the municipality of Penticton. This strong need for public accountability has therefore ensured the Penticton Museum and Archives has set itself a clearly-defined course for development that meets the objectives of a broad range of stakeholders within the community.

At the outset of 2011, the museum objective was to meet its fixed annual priorities, which includes:

- Installing up to four temporary exhibits within the museum and the community
- Delivering programs under its Curator Kids family and school banner, and events and activities for its adult audience.
- Enhancing the museum's artifact and archive collections facilities and processes to meet contemporary curatorial practices.

2011 Highlights

Exhibits

- *H-2-Oh!: The amazing story of water (Nov '11-March '12).* Exhibit highlighting the natural and human history of water use and management around Penticton, with contemporary perspectives on water sustainability
- *Medium & Message: Penticton's early history of Broadcasting & Telecommunications (Apr '11 – Oct '11).* A look back at early electronic communications in the Peach City, including broadcasting of live radio on 94.5 FM Peach City Radio
- *Foundations: The history of construction in Penticton (June '10 – Mar '11).* Exhibit that explores and documents the key people, events, builders and buildings that feature in Penticton's growth from a hamlet to a city in 100 years

Offsite Exhibits and Projects

- *100 Years of Service – Penticton Fire Department.* Installation of a permanent exhibit in Fire Hall 1, featuring interactive displays of history of PFD
- *Family Literacy Day exhibit.* Featuring history of KVR at Cherry Lane Mall
- *Crossing Generations.* Social services program for grandparents and children based on archival research and exhibit activities
- *200 years of HBC Fur Brigade.* Museum hosted one-day exhibit and lecture on anniversary of Fur Brigade trail
- *Mid-Century Bungalow Tours.* Research and tour project of mid-century architecture in Penticton, in partnership with AIBC and Flat Top Society
- *Apex 50th* Development of historic materials for Apex Ski Hill celebration in January 2012
- *Children's Festival.* Delivery of exhibit booth and hands-on activities related to Fur Brigade history
- *Visitors Centre Exhibit Case.* Creation of rotating exhibits at entrance to Visitors Centre
- *Community Centre History Exhibit.* Pictorial exhibit for opening of Community Centre in May
- *Ptarmigan's Dilemma presentation.* Talk and book signing by naturalists John and Mary Theberge

Programs

- *Curator Kid Family Program.* Hands-on family programs on local history and science. Up to 12

Saturday programs delivered in Spring & Fall; Up to seven, one-day programs delivered in summer.
- *Curator Kid School programs* (custom and generic) for grades K to 10. Up to 20 delivered each year.
- *Brown Bag Lecture Series*. Weekly guest lectures series on local topics.
- *Remembrance Week Event*. Military-themed film series delivered in November.

Collections and Archives
- Planning of new collections storage facilities based on new grant from Canadian Heritage.
- December commencement of inventory, researching and cataloging of entire museum artifact collection.
- Commencement of photographing of collection.
- Continued sorting and cataloguing of archival collection, including new donations.

2012 Goals and Objectives

- 2012 exhibit schedule to focus exclusively on Natural History and Conservation, as represented by the following exhibits in the Atkinson Gallery:
  - 'H-2-Oh! The amazing story of water' from Nov 2011 to March 2012
  - Installation of temporary exhibit 'Wild at Heart' – A century conservation in the South Okanagan from March – August 2012.
  - Installation of visiting exhibit from Royal BC Museum, 'Aliens Amongst' – Invasive Species of BC from August - November 2012.
  - Installation of 'Conservation Art Show', featuring works of local artists from Nov- Dec 20.
- Installation of new high-density mobile shelving in collections room; to also include complete renovation of 3,000 sq. ft. of storage facilities to meet contemporary curatorial standards. Funds provided by grant from Canadian Heritage
- Continue inventory, upgrades and preservation work of museum's artifact collections, including entry into digital files and database
- Commence inventorying, upgrading and preservation work on city-owned artifact collections, including entry into digital files and database. Sites to include SS Sicamous and City Hall
- Deliver 35 school programs and up to 20 Curator Kid programs in and outside of museum
- Installation and delivery of new Aquatic Heritage project at SS Sicamous Marine Heritage Museum, including restoration of war canoes and hosting of Heritage Canoe Festival
- Deliver programs related to heritage and history with community partner organizations, including; Pen High 100th Anniversary, Apex Ski Hill 50th anniversary, Shatford Centre projects and South Okanagan Heritage Alliance events
- Continued delivery of popular programs, such as Brown Bag lectures, Remembrance Film series, exhibit panel discussions and heritage tours of the community
- Enhanced service delivery of archival and artifact research requests
- Pursue revenue & grant generating opportunities through partnerships and operational efficiencies

Schedule

A

THE CORPORATION OF THE CITY OF PENTICTON

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2011

THE CORPORATION OF THE CITY OF PENTICTON

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REEVES AND MAYORS

THE CORPORATION OF THE CITY OF PENTICTON
FROM INCORPORATION

REEVES

1909	Alfred H. Wade
1910 – 1911	E. Foley-Bennett
1912	Capt. I.M. Stevens
1913	E. Foley-Bennett
1914 – 1916	Robert Scott Conklin
1917	William Alexander McKenzie
1918 – 1919	Frederick Maurice Smith
1920 – 1923	Edward John Chambers
1924 – 1925	James Kirkpatrick
1926 – 1927	Geo. A.M. Macdonald
1928	James Kirkpatrick
1929 – 1931	Geo. A.B. Macdonald
1931 – 1935	Charles E. Oliver
1936	H.B. Morley
1937 – 1940	W. Gordon Wilkins
1941 – 1942	R.J. McDougall
1943 – 1944	Robert Lyon
1945	R.J. McDougall
1946 – 1947	Robert Lyon

MAYORS

1948 – 1949	Robert Lyon
1950 – 1953	William A. Rathbun
1954 – 1957	C. Oscar Matson
1957 – 1961	Charles E. Oliver
1962 – 1967	Maurice P. Finnerty
1968 – 1971	F.D. Stuart
1972 – 1975	F.W. Laird
1976 – 1979	K.A. Kenyon
1979 – 1980	J.J. Winkelaar
1980 – 1986	I.C. Messmer
1986 – 1990	Dorothy Whittaker
1990 – 1996	G.J. Kimberley
1996 – 1999	Beth Campbell
1999 – 2002	M.L. (Mike) Pearce
2002 – 2005	C. David Perry
2005 – 2008	G.J. Kimberley
2008 -	Dan Ashton

DIRECTORY OF COUNCIL AND CITY OFFICIALS
2011

COUNCIL

MAYOR	Dan Ashton	
COUNCILLORS	Wesley Hopkin	Andrew Jakubeit
	Judy Sentes	Helena Konanz
	Garry Litke	John Vassilaki

CITY OFFICIALS

Chief Administrative Officer	A. Antoniak
Corporate Officer	K. Burley
Chief Financial Officer	D. Leahy
Director of Operations	M. Moroziuk
Fire Chief	W. Williams
R.C.M.P. Inspector	B. Haugli

CITY AUDITORS	BDO Canada LLP
CITY SOLICITORS	Boyle & Co. Stewart, McDannold, Stuart
BANKERS	Valley First Credit Union

CHIEF FINANCIAL OFFICER'S REPORT

May 2012

Mayor and Council
The Corporation of the City of Penticton

Your Worship and Members of Council:

In accordance with Section 167(1) of the *Community Charter*, I am pleased to submit the 2011 Annual Financial Report of the City of Penticton for the fiscal year ended December 31, 2011. The report includes the Independent Auditor's Report, the 2011 audited financial statements, and supplementary information for the City of Penticton.

The financial statements were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These statements were audited by BDO Canada LLP and their responsibility was to express an opinion based on the results of their audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement.

The operations of the City of Penticton are segregated into various funds for accounting and financial reporting purposes. The funds are as follows:

General Fund
Water Utility Fund
Reserve Funds
Sanitary Sewer Utility Fund
Electric Utility Fund

The Annual Report includes the financial statements for each entity as well as on a consolidated basis for all entities. The highlights from these reports are summarized below:

CAPITAL EXPENDITURES

	2011	2010
General Fund	$11,304,784	$20,279,175
Sewer Fund	5,458,810	14,937,277
Water Fund	2,569,521	4,220,785
Electric Fund	1,634,721	1,450,500
Total Capital Expenditures	**$20,967,836**	**$40,887,737**

Major capital projects included in the above summary are:

General Capital

Pool Renovations	$8,129,500
City-wide Transportation Works	2,046,000
Information and Technology Works	319,300
Parks – Landscape and Development	313,000

Utilities

Sewer Mains	$318,000
Sewer Treatment Plant Works	5,093,000
Water Mains	2,094,000
Electric Utility Services	454,000
Electric Utility Line Reconstruction	223,000
Electric Utility Conversion Program	622,300

Operating Expenditures and Debt Charges *(excludes transfers to other funds and reserves)*

		2011	2010
General Fund	Operating	$35,706,777	$37,284,680
	Debt	7,772,240	7,372,393
		$43,479,017	**$44,657,073**
Sewer Fund	Operating	$2,380,682	$2,404,923
	Debt	1,345,067	1,343,440
		$3,725,749	**$3,748,363**
Water Fund	Operating	$2,704,031	$2,970,532
	Debt	1,323,599	1,306,271
		$4,027,630	**$4,276,803**
Electric Fund	Operating	**$25,769,097**	**$23,444,761**
TOTAL NET OPERATING EXPENDITURES		**$77,001,493**	**$76,127,000**

Financial Statistics

	2011	2010
Real Property Taxes	$24,737,103	$24,633,528
Collection of Taxes for Other Governments	20,328,808	20,263,503
Long Term Debt Outstanding	74,474,421	80,614,841
Per Capita Debt – General Purposes	1,520	1,620
Per Capita Debt – Utilities	836	919

Investment Earnings
Investment of all excess Revenue and Reserve Funds generated $1,473,195 in 2011 compared to $1,215,239 in 2010. Our portfolio is comprised equally of money market and term deposits maturing within a year and long-term bonds.

General Fund
The general revenue fund generated a surplus of $1,358,491. The accumulated surplus is $4,306,629.

Utilities
In 2011, the Sewer Utility generated a surplus of $585,826. The accumulated surplus is $6,418,840.

The 2011 Water Utility generated a deficit of $490,925. The accumulated surplus is $1,189,674.

The Electric Utility generated an operating surplus of $1,827,218. The accumulated surplus is $9,085,983.

Library
The Statement of Revenue and Expenditure for the Penticton Public Library is presented in this report. Library revenue reflects a City grant of $932,883 which includes an allowance of $188,800 for building and administration costs, and $4,153 for equipment depreciation.

Respectfully submitted,

Doug Leahy
Chief Financial Officer

BDO

Tel: 250 492 6020
Fax: 250 492 8110
www.bdo.ca

BDO Canada LLP
102 - 100 Front Street
Penticton BC V2A 1H1 Canada

Independent Auditor's Report

To the Mayor and Council
The Corporation of the City of Penticton

We have audited the accompanying financial statements of the The Corporation of the City of Penticton, which comprises the statement of financial position as at December 31, 2011, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the The Corporation of the City of Penticton as at December 31, 2011 and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Penticton, British Columbia
May 22, 2012

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

	2011	2010
FINANCIAL ASSETS		
Term Deposits	$ 54,039,614	$ 50,666,180
Accounts Receivable (Note 1)	11,419,368	19,243,920
Land Inventory Held for Re-sale (Note 11)	2,397,891	-
	67,856,873	69,910,100
FINANCIAL LIABILITIES		
Credit Facilities (Note 10)	25,452	1,511,938
Development Cost Charges Reserve Fund (Note 2)	4,923,199	4,907,333
Trade Accounts Payable and Accrued Liabilities	14,382,960	19,355,954
Deferred Revenues	4,172,998	3,776,129
Deposits	1,781,471	1,849,015
Penticton Public Library	22,494	53,003
Net Long Term Debt (Note 7)	74,474,421	80,614,841
	99,782,995	112,068,213
NET DEBT	$ (31,926,122)	$ (42,158,113)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 8)	$ 319,837,355	$ 315,755,784
Inventories of Supplies	2,573,784	2,710,430
Prepaid Expenses	632,747	118,707
	323,043,886	318,584,921
ACCUMULATED SURPLUS	$ 291,117,764	$ 276,426,808

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011

	2011 Budget (unaudited)	2011	2010
REVENUE			
Taxation	$ 27,105,955	$ 26,985,091	$ 26,949,981
Sales of Services	50,811,915	50,642,855	49,544,723
Government Grants and Transfers	1,639,367	7,424,874	15,823,036
Other Revenue from Own Sources	10,326,534	11,353,278	11,249,085
Revenue - MFA	-	-	2,446
Other Contributions	442,000	843,105	274,552
	90,325,771	97,249,203	103,843,823
EXPENDITURE (Note 13)			
General Government Services	12,006,949	12,837,993	13,586,096
Protective Services	11,299,832	12,688,334	13,242,139
Transportation Services	6,660,093	7,478,472	7,399,919
Environmental Health Services	1,017,585	1,142,624	1,200,176
Public Health and Safety	250,334	281,095	276,691
Environmental Development Services	1,737,622	1,951,138	2,049,521
Recreation and Culture	9,532,362	10,306,744	11,207,685
Electrical Supply	25,166,913	28,259,375	26,848,394
Sewer System Utility	3,089,638	3,469,287	3,617,367
Water Utility Services	3,689,791	4,143,185	4,542,114
	74,451,119	82,558,247	83,970,102
ANNUAL SURPLUS	15,874,652	14,690,956	19,873,721
ACCUMULATED SURPLUS, BEGINNING OF YEAR	276,426,808	276,426,808	256,553,087
ACCUMULATED SURPLUS, END OF YEAR	$ 292,301,460	$ 291,117,764	$ 276,426,808

See accompanying notes to financial statements.

STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED DECEMBER 31, 2011

	2011	2010
Annual Surplus	$ 14,690,956	$ 19,873,721
Acquisition of Tangible Capital Assets	(18,824,643)	(38,126,746)
Amortization of Tangible Capital Assets	11,637,363	10,645,212
Disposals of Tangible Capital Assets	707,818	156,631
Re-classification of Land Inventory Held for Re-sale	2,397,891	-
	10,609,385	(7,451,182)
Change in Prepaid Expenses	(514,040)	9,371
Consumption of Supplies Inventories	136,646	67,981
	(377,394)	77,352
Increase (Decrease) in Net Financial Assets	**10,231,991**	**(7,373,830)**
Net Debt, Beginning of Year	**(42,158,113)**	**(34,784,283)**
Net Debt, End of Year	**$ (31,926,122)**	**$ (42,158,113)**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

	2011	2010
Operating Transactions		
Annual Surplus	$ 14,690,956	$ 19,873,721
Change in Non-Cash Operating Items		
(Decrease) in Accounts Receivable	7,824,552	(4,239,869)
Increase (Decrease) in Trade Accounts Payable and Accrued Liabilities	(4,658,312)	4,985,739
Increase (Decrease) in Prepaid Expenses	(514,040)	9,371
Decrease in Inventory	136,646	67,981
Increase in Assets Disposed Of	707,818	156,631
Amortization	11,637,363	10,645,212
	15,134,027	11,625,065
Cash Provided by Operating Activities	29,824,983	31,498,786
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(18,824,643)	(38,126,746)
Financing Transactions		
Debt Proceeds	582,000	7,986,000
Debt Repayment	(6,722,420)	(6,116,995)
Cash Provided by Financing Transactions	(6,140,420)	1,869,005
Investing Transactions		
Increase inTerm Deposits	(3,373,434)	(1,242,137)
Change in Cash (Bank Indebtedness)	1,486,486	(6,001,092)
Cash (Bank Indebtedness), Beginning of Year	(1,511,938)	4,489,154
Bank Indebtedness, End of Year	$ (25,452)	$ (1,511,938)

See accompanying notes to financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2011

Management's Responsibility for the Financial Statements
The financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation
The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated.

Interfund Balances and Transactions
All material interfund transactions and balances have been eliminated within the financial statements.

Deferred Revenue
Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Government Transfers
Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition
Taxes are recognized as revenue in the year they are levied.
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
Sales of service and other revenue is recognized on an accrual basis.

Financial Instruments
The City's financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Municipal Finance Authority
Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2011

Tangible Capital Assets
Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	10 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 25 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	5 to 20 years
Furniture and Equipment	10 to 15 years
Computer Hardware and Software	4 to 10 years

Reserve for Future Expenditure
Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds
The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Use of Estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts receivable, provision for contingencies and prior years tangible capital asset historical costs and related amortization. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities
The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. Accounts Receivable

	2011	2010
Property Taxes	$ 1,272,812	$ 1,174,769
Other Receivables	1,979,311	2,454,383
Federal Government	592,675	2,506,274
Provincial Government	4,656,273	9,717,887
Regional District of Okanagan Similkameen	27,259	15,388
Other Government Agencies	7,900	8,430
Utility Rates Receivable	2,883,138	3,088,800
Accrued Interest Receivable	-	277,989
	$ 11,419,368	$ 19,243,920

2. Development Cost Charges Reserve Fund (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the *Local Government Act* of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue.

	2011	2010
DCC by Type		
Roads	$ 257,036	$ 294,700
Parks	41,303	30,563
Drainage	539,579	751,134
Waste Water	3,193,725	3,023,380
Water	891,556	807,556
	$ 4,923,199	$ 4,907,333
DCC Activity		
Balance, Beginning of Year	$ 4,907,333	$ 4,729,022
Return on Investments	85,382	57,552
DCCs Levied in the Year	234,199	584,415
Transfers to General Operating	(303,715)	(226,576)
Transfers to Sewer Capital	-	(3,850)
Transfers to Water Operating	-	(233,230)
	$ 4,923,199	$ 4,907,333

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

3. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the city, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provision to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the *Local Government Act* and Section 226 of the Community Charter, respectively. In 2011, Council approved DCC reductions in the amount of $8,322. $1,793 of Economic Incentive tax exemptions were granted in 2011.

4. Pension Liability

The City and its employees contribute to the Municipal Pension Plan ("the Plan") a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest valuation as at December 31, 2009 indicated an unfunded liability of $1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The City of Penticton paid $1,423,655.38 for employer contributions to the Plan in fiscal 2011.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

5. Contingent Liabilities

(a) Regional District of Okanagan Similkameen
Under Section 836 of the *Local Government Act*, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2011, the long term debt of the Regional District aggregated $114,895,008 (2010 - $119,670,148).

(b) Legal Actions
As at December 31, 2011, certain legal actions are pending against the City as follows:

1. The City of Penticton is aware of various liens registered against the City owned properties located at 903-969 Eckhardt Ave W. These liens were filed by various companies engaged by the third party purchaser of the same properties who subsequently defaulted on the purchase. As a result, these companies failed to receive full compensation from the purchaser and accordingly filed liens against the properties which remain as inventory of the City of Penticton. It is unknown at this time the likely outcome; however, damages could reach $100,000 which is 10% of the total cost incurred relating to labour and materials. Given the uncertainty of the amount and likeliness of the liens, no accrual has been recorded in regards to these costs.

2. The City of Penticton has been named a party to an action related to the construction of the indoor soccer facility with respect to deficiencies in the physical durability of the outer covering. Expected exposure relates to costs which cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

3. The City of Penticton has been named a party to an action with respect to the City's operation of the Carmi Landfill on lands now owned by the Plaintiff. The Plaintiff alleges that the City is liable for remediation of the contamination but expected exposure cannot be reasonably estimated at this time. The action has been placed in abeyance while the Plaintiff completes further environmental studies. The amount of the claim is unspecified. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

4. The City of Penticton has been named a party to an action with respect to the City's operation of the Carmi Landfill on lands now owned by the Plaintiff. The Plaintiff is claiming damages in regards to the decrease in the value of the land due to the possible contamination as a result of the operation of the landfill. Expected exposure cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

5. The City of Penticton has been named a party to an action with respect to a claim filed with the Expropriation Compensation Board claiming constructive expropriation and injurious affection arising from the Campbell Mountain Landfill, and in particular, methane gas emissions from the landfill. The City filed its Statement of Defence in 2000 and the claim has not moved forward for some time. Expected exposure cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

6. Letters of Credit

In addition to the performance deposits reflected in the Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $1,083,676.16 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

7. Net Long Term Debt

Net long term debt reported on the statement of financial position is comprised of the following:

	2011	2010
Municipal Finance Authority (see Debt Issued and Outstanding Sch.)	$ 74,474,421	$ 80,614,841

Principal repayments relating to net long term debt of $74,474,421 outstanding are due as follows (in thousands):

	2012	2013	2014	2015	2016
General Fund	$ 4,697	$ 4,697	$ 3,656	$ 3,220	$ 3,220
Sewer Fund	575	575	575	575	575
Water Fund	579	579	579	579	579
	$ 5,851	$ 5,851	$ 4,810	$ 4,374	$ 4,374

Long term debt is secured by the assets of the City.

8. Tangible Capital Assets

Contributed capital assets received and recognized in the year from third parties, for museum donations, and recorded on the financial statements is $62,444 at appraised value (2010 - $0). Interest capitalized in the year is $88,000 (2010 - $127,776). Art and historic treasures are held by the City in its museum and arts centre. Due to the subjective nature of the assets they are not included in the values shown on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

8. Tangible Capital Assets - cont'd

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2011 Total	2010 Total
COST										
Opening Balance	$ 49,372,142	$136,058,580	$ 29,589,061	$ 20,870,370	$ 40,540,597	$ 60,609,704	$ 69,349,097	$ 37,431,301	$443,820,852	$406,159,419
Add: Additions	-	8,094,500	335,751	309,982	2,041,581	1,259,444	1,741,320	5,042,065	18,824,643	38,126,746
Add: Trsf to/from Construction in Progress	-	15,404,600	-	-	-	-	-	(15,404,600)	-	-
Less: Disposals	676,395	-	202,560	-	-	-	-	-	878,955	465,313
Re-classification to Financial Assets	(2,397,891)	-	-	-	-	-	-	-	(2,397,891)	-
	46,297,856	159,557,680	29,722,252	21,180,352	42,582,178	61,869,148	71,090,417	27,068,766	459,368,649	443,820,852
ACCUMULATED AMORTIZATION										
Opening Balance	-	38,683,984	16,858,552	4,141,156	14,297,541	21,611,284	32,472,551	-	128,065,068	117,728,539
Add: Amortization	-	4,850,002	1,518,907	282,405	655,332	2,194,287	2,136,430	-	11,637,363	10,645,212
Less: Acc Amortization on Disposals	-	-	171,137	-	-	-	-	-	171,137	308,683
	-	43,533,986	18,206,322	4,423,561	14,952,873	23,805,571	34,608,981	-	139,531,294	128,065,068
Net Book Value for Year Ended Dec 31, 2011	$ 46,297,856	$116,023,694	$ 11,515,930	$ 16,756,791	$ 27,629,305	$ 38,063,577	$ 36,481,436	$ 27,068,766	$319,837,355	$315,755,784

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

9. Reporting by Object

	2011	2010
Salaries and Benefits	$ 15,671,922	$ 16,733,715
Goods and Services	39,537,875	39,024,318
Interest	4,543,318	4,427,919
Amortization	11,637,363	10,645,212
Other Expenses	2,717,016	3,865,465
Vehicle and Equipment Maintenance	3,100,472	3,584,662
Policing Agreement	5,350,281	5,688,811
	$ 82,558,247	$ 83,970,102

10. Credit Facilities

(a) Line of Credit
The City holds a $5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5003. There is currently no balance or amount outstanding.

(b) Bank Indebtedness
The City holds a demand revolving operating loan in the principal amount of $3,000,000 plus a $400,000 EFT limit. The loan has a borrowing rate of prime and is secured by a Borrowing Resolution issued in accordance with provincial requirements. At December 31, 2011, the balance outstanding is $25,452.

11. Land Inventory Held for Re-sale

Land inventory held for re-sale is recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the statement of financial position date.

Land inventory held for re-sale consists of vacant lots along Eckhardt Avenue and is carried at cost of $2,397,891 on the statement of financial position.

12. Budget

The Financial Plan (Budget) Bylaw adopted by Council on March 21, 2011 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on March 21, 2011 with adjustments as follows:

	2011
Financial Plan (Budget) Bylaw surplus for the year	$ -
Add:	
Capital Expenditures	8,424,168
Debt Principal Repayments	5,892,176
Budgeted Transfers from Surplus	1,641,456
Less:	
Debt Proceeds	83,148
Budget Surplus per Statement of Operations	$ 15,874,652

13. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services
This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to a specific segment.

Protective Services
Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services
Transportation is responsible for providing the City's transit services.

Environmental Health Services
Environmental services consists of providing waste disposal to citizens.

Public Health and Safety
Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services
This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture
This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts.

Electrical Supply
This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer System Utility
This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

Water Utility Services
This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SCHEDULE OF SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2011

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2011 Total
REVENUE											
Taxation	$ 25,624,378	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,360,713	$ -	$ 26,985,091
Sales of Services	4,326,569	1,300,331	933,368	1,455,265	209,611	62,459	1,189,639	31,350,592	3,817,982	5,997,039	50,642,855
Govt Grants and Transfers	7,220,507	-	-	-	-	-	-	-	204,367	-	7,424,874
Other Revenue	11,166,341	-	-	-	-	-	-	-	118,862	68,075	11,353,278
Other Contributions	211,358	-	-	-	-	-	-	601,956	(1,647)	31,438	843,105
	48,549,153	1,300,331	933,368	1,455,265	209,611	62,459	1,189,639	31,952,548	5,500,277	6,096,552	97,249,203
EXPENDITURE											
Salaries and Benefits	2,922,994	5,895,785	484,116	31,439	519	732,360	3,217,408	548,354	1,090,709	748,238	15,671,922
Goods and Services	1,685,403	989,431	2,975,724	1,111,185	151,826	808,540	3,722,293	25,303,474	1,135,618	1,654,381	39,537,875
Interest	40,312	126,000	183,658	-	128,750	-	2,550,373	-	770,010	744,215	4,543,318
Amortization	6,368,909	-	2,136,430	-	-	-	-	2,194,287	282,405	655,332	11,637,363
Other Expenses	1,533,413	15,920	-	-	-	399,016	768,667	-	-	-	2,717,016
Equipment Charges	286,962	310,917	1,698,544	-	-	11,222	48,003	213,260	190,545	341,019	3,100,472
Policing Agreement	-	5,350,281	-	-	-	-	-	-	-	-	5,350,281
	12,837,993	12,688,334	7,478,472	1,142,624	281,095	1,951,138	10,306,744	28,259,375	3,469,287	4,143,185	82,558,247
Excess (Deficiency) of Revenues Over Expenditures	$ 35,711,160	$ (11,388,003)	$ (6,545,104)	$ 312,641	$ (71,484)	$ (1,888,679)	$ (9,117,105)	$ 3,693,173	$ 2,030,990	$ 1,953,367	$ 14,690,956

SCHEDULE OF SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2010

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2010 Total
REVENUE											
Taxation	$ 25,600,187	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,349,794	$ -	$ 26,949,981
Sales of Services	6,161,880	1,368,014	907,299	1,382,156	262,622	82,746	795,687	28,109,960	4,202,656	6,271,703	49,544,723
Govt Grants and Transfers	12,186,177	-	-	-	-	-	-	-	3,530,325	106,534	15,823,036
Other Revenue	11,249,085	-	-	-	-	-	-	-	2,446	-	11,251,531
Other Contributions	137,091	-	-	-	-	-	-	10,272	(23,298)	150,487	274,552
	55,334,420	1,368,014	907,299	1,382,156	262,622	82,746	795,687	28,120,232	9,061,923	6,528,724	103,843,823
EXPENDITURE											
Salaries and Benefits	3,586,519	6,116,924	335,723	43,958	416	725,713	3,058,234	949,355	1,087,882	828,991	16,733,715
Goods and Services	1,964,368	970,191	2,975,391	1,156,218	147,525	897,878	4,602,161	23,275,742	1,246,836	1,788,008	39,024,318
Interest	14,171	126,000	174,271	-	128,750	-	2,489,457	-	768,383	726,887	4,427,919
Amortization	5,556,816	-	2,081,013	-	-	-	-	2,101,000	278,272	628,111	10,645,212
Other Expenses	2,307,648	2,660	-	-	-	417,421	1,009,926	98,361	2,788	26,661	3,865,465
Equipment Charges	156,574	337,553	1,833,521	-	-	8,509	47,907	423,936	233,206	543,456	3,584,662
Policing Agreement	-	5,688,811	-	-	-	-	-	-	-	-	5,688,811
	13,586,096	13,242,139	7,399,919	1,200,176	276,691	2,049,521	11,207,685	26,848,394	3,617,367	4,542,114	83,970,102
Excess (Deficiency) of Revenues Over Expenditures	$ 41,748,324	$ (11,874,125)	$ (6,492,620)	$ 181,980	$ (14,069)	$ (1,966,775)	$ (10,411,998)	$ 1,271,838	$ 5,444,556	$ 1,986,610	$ 19,873,721

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Penticton BC V2A 1H1 Canada

Independent Auditor's Comments on Supplementary Information

To the Mayor and Council
The Corporation of the City of Penticton

We have audited the financial statements of The Corporation of the City of Penticton, which comprise the statement of financial position as at December 31, 2011 and statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued our report thereon dated May 22, 2012. This report contained an unqualified opinion on the financial statements as a whole. The following supplemental financial information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Accountants

Penticton, British Columbia
May 22, 2012

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GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	2011 Budget	2011	2010
REVENUE			
Taxation	$ 25,754,068	$ 25,624,378	$ 25,600,187
Sales of Services	10,762,785	10,543,497	10,960,404
Government Grants and Transfers	1,380,067	1,448,495	1,526,457
Transfer from Other Funds	6,491,279	6,320,274	7,356,805
Other Revenue from Own Sources	9,626,534	11,583,513	11,249,085
Collections for Other Governments	20,270,578	20,328,808	20,263,503
	74,285,311	75,848,965	76,956,441
EXPENDITURE			
Salaries and Benefits	14,828,804	13,449,331	13,867,487
Goods and Services	11,123,367	11,020,065	11,509,940
Interest	20,000	69,913	13,355
Debenture Interest	3,002,327	2,959,505	2,919,292
Debt Principal	4,737,734	4,812,735	4,453,101
Other Expenses	3,643,755	3,376,695	3,631,483
Vehicle and Equipment Maintenance	2,671,508	2,440,492	2,573,605
Policing Agreement	6,038,640	5,350,281	5,688,811
Transfer to Other Funds	7,948,598	10,673,965	10,277,255
Transfer to Other Governments and Boards	20,270,578	20,337,492	20,261,846
	74,285,311	74,490,474	75,196,175
EXCESS OF REVENUE OVER EXPENDITURE	$ -	1,358,491	1,760,266
CHANGE IN FUND BALANCES		1,358,491	1,760,266
FUND BALANCES, BEGINNING OF YEAR		2,948,138	1,187,872
FUND BALANCES, END OF YEAR		$ 4,306,629	$ 2,948,138

RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
(UNAUDITED)

	2011	2010
Balance, Beginning of Year	$ 12,112,964	$ 10,505,536
Add		
Transfers from:		
Revenue Funds	2,975,566	2,108,874
Interest Earned	198,667	132,569
Deduct		
Transfers to:		
Capital Funds	1,742,172	634,015
Balance, End of Year	$ 13,545,025	$ 12,112,964

STATUTORY RESERVE FUND BALANCES

Equipment Replacement Reserve Fund	$ 3,448,010	$ 3,001,065
Tax Sale Lands Reserve Fund	6,888	6,775
Development Cost Charges Reserve Fund	4,923,199	4,907,333
Capital Reserve Fund	2,329,552	1,025,525
Local Improvement	1,484,612	1,415,911
Water Capital Reserve Fund	1,541,085	1,515,771
Sewer Capital Reserve Fund	494,886	486,758
Electric Capital Reserve Fund	925,067	909,872
Off-Site Parking Reserve Fund	118,229	83,829
Community Works Reserve Fund	2,886,845	3,362,697
Amenity Density Reserve	309,851	304,761
	18,468,224	17,020,297
Less:		
Development Cost Charges Reserve Fund	4,923,199	4,907,333
	$ 13,545,025	$ 12,112,964

RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	Equipment Replacement	Tax Sale Lands	Capital	Development Cost Charges	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	Amenity Density	Community Works	2011 Total	2010 Total
BALANCE, BEGINNING OF YEAR	$ 3,001,065	$ 6,775	$1,025,525	$ 4,907,333	$1,415,911	$ 486,758	$1,515,771	$909,872	$ 83,829	$ 304,761	$ 3,362,697	$17,020,297	$15,234,558
ADD													
Transfers from:													
General Revenue Fund	557,698	-	1,299,230	234,199	178,101	-	-	-	33,000	-	907,538	3,209,766	2,415,577
General Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-	341,676
Sewer Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-	165,161
Interest Earned	53,404	113	27,783	85,382	10,489	8,129	25,313	15,195	1,400	5,090	51,752	284,050	190,121
	3,612,167	6,888	2,352,538	5,226,914	1,604,501	494,887	1,541,084	925,067	118,229	309,851	4,321,987	20,514,113	18,347,093
DEDUCT													
Transfers to:													
General Capital Fund	164,159	-	22,987	-	78,902	-	-	-	-	-		266,048	582,495
General Capital Reserve	-	-	-	-		-	-	-	-	-	1,435,141	1,435,141	-
Sewer Capital Fund	-	-	-	-	40,982	-	-	-	-	-	-	40,982	55,370
Water Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-	233,230
Sewer Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
General Revenue Fund	-	-	-	303,715	-	-	-	-	-	-	-	303,715	455,701
	164,159	-	22,987	303,715	119,884	-	-	-	-	-	1,435,141	2,045,886	1,326,796
BALANCE, END OF YEAR	$ 3,448,008	$ 6,888	$2,329,551	$ 4,923,199	$1,484,617	$ 494,887	$1,541,084	$925,067	$ 118,229	$ 309,851	$ 2,886,846	$18,468,227	$17,020,297

SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	2011 Budget	2011	2010
REVENUE			
Taxation	$ 1,351,887	$ 1,360,714	$ 1,349,794
Sales of Services	4,032,000	4,044,847	4,202,656
Government Grants and Transfers	207,300	204,366	112,945
Other Revenue	-	-	2,446
	5,591,187	5,609,927	5,667,841
EXPENDITURE			
Salaries and Benefits	816,833	1,113,668	1,087,882
Goods and Services	1,415,744	1,076,469	1,083,835
Interest	773,830	770,010	768,383
Debt Principal	575,057	575,057	575,057
Vehicle and Equipment Maintenance	237,750	190,545	233,206
Transfer to Other Funds	1,771,973	1,298,352	898,940
	5,591,187	5,024,101	4,647,303
EXCESS OF REVENUE OVER EXPENDITURE	$ -	585,826	1,020,538
CHANGE IN FUND BALANCES		585,826	1,020,538
FUND BALANCES, BEGINNING OF YEAR		5,833,014	4,812,476
FUND BALANCES, END OF YEAR		$ 6,418,840	$ 5,833,014

WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	2011 Budget	2011	2010
REVENUE			
Sales of Services	$ 6,147,229	$ 6,160,054	$ 6,271,702
Government Grants and Transfers	-	-	29,792
Transfers from Other Funds	374,068	-	233,230
	6,521,297	6,160,054	6,534,724
EXPENDITURE			
Salaries and Benefits	505,193	773,366	828,991
Goods and Services	2,071,269	1,589,646	1,598,085
Interest	747,450	744,215	726,887
Debt Principal	579,385	579,384	579,384
Vehicle and Equipment Maintenance	319,000	341,019	543,456
Transfer to Other Funds	2,299,000	2,623,349	3,449,066
	6,521,297	6,650,979	7,725,869
EXCESS OF EXPENDITURE OVER REVENUE	$ -	(490,925)	(1,191,145)
CHANGE IN FUND BALANCES		(490,925)	(1,191,145)
FUND BALANCES, BEGINNING OF YEAR		1,680,599	2,871,744
FUND BALANCES, END OF YEAR		$ 1,189,674	$ 1,680,599

ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	2011 Budget	2011	2010
REVENUE			
Sales of Services	$ 30,569,901	$ 31,848,180	$ 28,109,960
Transfers from Own Reserves	-	28,000	-
Transfers from Other Funds	326,714	-	-
	30,896,615	31,876,180	28,109,960
EXPENDITURE			
Salaries and Benefits	777,050	736,136	949,355
Goods and Services	24,958,900	24,819,701	22,071,470
Vehicle and Equipment Maintenance	499,700	213,260	423,936
Transfer to Other Funds	4,660,965	4,279,865	4,331,101
	30,896,615	30,048,962	27,775,862
EXCESS OF REVENUE OVER EXPENDITURE	$ -	1,827,218	334,098
CHANGE IN FUND BALANCES		1,827,218	334,098
FUND BALANCES, BEGINNING OF YEAR		7,258,765	6,924,667
FUND BALANCES, END OF YEAR		$ 9,085,983	$ 7,258,765

DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2011

L/A Bylaw	S/I Bylaw	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate	2012 Payments Interest	2012 Payments Principal
92110	9504	60	12-Apr-95	Water Treatment Plant	1,000,000	284,536	20	2015	4.75	47,500	30,242
92110	9542	61	01-Dec-95	Water Treatment Plant	3,000,000	853,609	20	2015	4	90,000	90,728
92110	96-08	63	01-Jun-96	Water Treatment Plant	1,200,000	416,890	20	2016	3	42,000	36,291
2006-07	07/17/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	3,820,576	20	2026	4.43	206,881	156,827
2007-86	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	3,580,685	20	2028	5.15	206,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	3,632,824	20	2029	4.13	161,070	130,969
					17,770,000	12,589,120				753,451	579,384
2006-61	273/2007	102	02-Nov-07	Sewer - Septage Handling Facility	1,050,000	900,266	20	2027	4.82	50,610	35,261
2008-10	333-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	7,161,370	20	2028	5.15	412,000	268,654
2007-60	333/2008	104	20-Nov-08	PIDA	360,000	266,400	10	2018	5.15	18,540	29,985
2007-60	157/2009	105	21-Apr-09	PIDA	73,056	60,643	10	2018	4.9	3,580	6,085
2008-10	638/2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	6,520,453	20	2029	4.13	289,100	235,072
					16,483,056	14,909,132				773,830	575,057
9925	20005	72	12-Apr-00	RCMP Building	2,500,000	1,420,126	20	2020	6.45	78,750	82,873
9925	20046	73	07-Nov-00	RCMP Building	1,500,000	852,075	20	2020	6.36	47,250	49,724
2003-15	2268	81	22-Apr-04	Storm Sewer	337,500	254,396	20	2024	4.86	16,402	10,207
2004-16	859/2004	85	25-Oct-04	Parks - Land Acquisition	1,680,000	1,266,325	20	2024	4.975	83,580	50,808
2004-18	859/2004	85	25-Oct-04	Road Works - South Main St	195,000	146,984	20	2024	4.975	9,701	5,897
2004-19	859/2004	85	25-Oct-04	Road Design - Main St	150,000	113,065	20	2024	4.975	7,462	4,536
2004-20	859/2004	85	25-Oct-04	Parks - Integrated Waterfront	550,000	414,571	20	2024	4.975	27,362	16,633
2004-21	859/2004	85	25-Oct-04	Parks - Youth Park	50,000	37,688	20	2024	4.975	2,488	1,512
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	800,000	600,706	20	2025	5.1	31,537	35,341
2004-20	1108-2004	93	06-Apr-05	Parks - Integrated Waterfront	520,000	390,459	20	2025	5.1	20,499	22,972
2004-21	614/2005	95	13-Oct-05	Parks - Youth Park	150,000	116,588	20	2025	4.17	6,255	5,037
2004-18	615/2005	95	13-Oct-05	Parks - Integrated Waterfront	825,000	641,234	20	2025	4.17	34,403	27,705
2006-15	07/17/2006	99	07-Nov-06	Road Works - Fairview & Ind	1,595,000	1,304,886	20	2026	4.43	70,659	53,563
2006-17	07/17/2006	99	07-Nov-06	Parks - Sportsfields	3,200,000	2,617,953	20	2026	4.43	141,760	107,462
2006-18	273/2007	102	27-Mar-07	Queens Park Site Servicing	7,000,000	4,524,156	10	2027	4.82	337,400	583,037
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront 2006	350,000	300,089	20	2027	4.82	16,870	11,754
2006-39	273/2007	102	02-Nov-07	South Okanagan Event Centre	8,000,000	5,170,464	10	2017	4.82	385,600	666,328
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	2,685,514	20	2028	4.65	139,500	100,745
2006-39	333/2008	104	20-Nov-08	South Okanagan Event Centre	10,000,000	7,399,990	10	2018	5.15	515,000	832,909
2006-39	333/2008	104	20-Nov-08	South Okanagan Event Centre	8,000,000	3,389,344	5	2013	4.35	348,000	1,477,017
2007-41	333/2008	104	20-Nov-08	Cemetery - Columbarium	2,500,000	2,237,928	20	2028	5.15	128,750	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	895,171	20	2028	5.15	51,500	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	474,441	20	2028	5.15	27,295	17,798
2007-60	333/2008	104	20-Nov-08	PIDA	1,140,000	843,599	10	2018	5.15	58,710	94,952
2007-60	157/2009	105	21-Apr-09	PIDA	231,344	192,036	10	2018	4.9	11,336	19,269
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	386,570	20	2029	4.13	17,140	13,936
2007-52	03/15/2010	110	08-Apr-10	Indoor Soccer Facility Phase 2	586,000	566,321	20	2030	4.5	26,370	19,679
2009-14	03/15/2010	110	08-Apr-10	Pool Upgrades	7,400,000	7,151,496	20	2030	4.5	333,000	248,505
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	135,000	20	2031	4.2	5,670	4,534
2009-43	B25/2011	116	04-Apr-11	Road Works - Smythe Drive	447,000	447,000	20	2031	4.2	18,774	15,011
					64,786,844	46,976,175				2,999,023	4,697,280
					$ 99,039,900	$ 74,474,427				$4,526,304	$5,851,721

CEMETERY PERPETUAL CARE TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	2011	2010
ASSETS		
Bank Term Deposits	$ 903,825	$ 851,433
Receivables		
Due From General Revenue Fund	3,319	22,044
Accrued Interest	1,300	1,134
	$ 908,444	$ 874,611
SURPLUS		
Balance, Beginning of the Year	874,611	839,409
Add:		
Care Fund Contributions	21,275	25,292
Interest Earned	12,558	9,910
	$ 908,444	$ 874,611

PENTICTON PUBLIC LIBRARY
STATEMENT OF REVENUE AND EXPENDITURE
YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

	2011	2010
REVENUE		
Grant City of Penticton		
Operating	$ 744,083	$ 734,766
Building and Administration	188,800	188,800
Equipment Depreciation	-	11,153
Capital	-	-
Grant - Province of B.C. Operating	123,256	109,884
Grant - Outlook/Legal Services Society	3,902	2,134
Grant - Tech/Equity	-	22,387
Okanagan Regional Library Contract	65,450	66,110
Interest Earned	-	890
Fines and Fees	27,599	27,318
Miscellaneous Revenue	19,780	14,945
Photocopy Revenue	3,297	2,928
Donations	939	788
Legacy/Estate Funds	6,082	3,306
Equipment Replacement Fund	-	27,684
	1,183,188	1,213,093
SURPLUS AT THE BEGINNING OF THE YEAR	53,002	63,623
EXPENDITURE		
Building and Administration	188,800	188,800
Equipment Allowance	13,777	11,153
Equipment Maintenance	18,880	18,956
Acquisitions - Books	159,523	160,822
- Periodicals	19,790	17,176
- Software	-	-
- Videos/ Audio/ Online Subscriptions	5,180	10,064
Book Binding	1,063	1,745
Office Supplies	26,406	29,067
Postage, Freight, Courier, Mileage	4,560	4,635
Salaries and Benefits	769,688	748,896
Staff/Trustee Training and Development	3,763	2,574
Telephone/Fax/Internet	2,046	2,015
Program Support	220	127
Capital Equipment	-	27,684
	1,213,696	1,223,714
SURPLUS AT THE END OF THE YEAR	$ 22,494	$ 53,002

SCHEDULE

B

SCHEDULE "B"
PERMISSIVE TAX EXEMPTIONS

Address	2011 Estimated Annual Tax Rates Levy	2012 Estimated Annual Tax Rates Levy	2013 Estimated Annual Tax Rates Levy
#101-96 Edmonton Ave	2,305.07	2,305.07	2,328.12
#102-1825 Main St	10,565.99	10,565.99	10,671.65
#104-550 Carmi Ave	1,398.59	1,398.59	1,412.58
1099 Lakeshore Dr. W	26,533.22	26,533.22	26,798.55
1101 Lakeshore Dr. W	6,513.50	6,513.50	6,578.64
1140 Commercial Way	50,006.12	50,006.12	50,506.18
1175 Lakeshore Dr. W	5,346.08	5,346.08	5,399.54
120 Preston Ave	3,899.78	3,899.78	3,938.78
1203 Main St	14,209.94	14,209.94	14,352.04
123 Nanaimo Ave E	5,263.66	5,263.66	5,316.30
125 Phoenix Ave	2,735.18	2,735.18	2,762.53
1265 Fairview Rd	1,610.14	1,610.14	1,626.24
1295 Manitoba St	13,235.06	13,235.06	13,367.41
1296 Main St	7,920.46	7,920.46	7,999.66
1299 Manitoba St	7,653.46	7,653.46	7,729.99
135 Winnipeg St	5,366.59	5,366.59	5,420.26
1370 Church St	1,478.91	1,478.91	1,493.70
1498 Government St	6,792.89	6,792.89	6,860.82
150 Orchard Ave	4,209.76	4,209.76	4,251.86
157 Wade Ave. W	2,216.27	2,216.27	2,238.43
180 Industrial Ave W	35,051.61	35,051.61	35,402.13
197 Brandon Ave	4,890.69	4,890.69	4,939.60
199 Marina Way	65,244.57	65,244.57	65,897.02
216 Hastings Ave	17,793.97	17,793.97	17,971.91
220 Manor Park Ave	21,658.79	21,658.79	21,875.38
2200 Dartmouth Dr	26,438.56	26,438.56	26,702.95
226/234 Van Horne St	3,499.93	3,499.93	3,534.93
2399 South Main St	16,513.06	16,513.06	16,678.19
2434 Baskin St	2,129.16	2,129.16	2,150.45
245 Warren Ave W	7,982.05	7,982.05	8,061.87
2450 Baskin St	2,115.26	2,115.26	2,136.41
2469 South Main	5,734.34	5,734.34	5,791.68
252 Conklin Ave	2,590.50	2,590.50	2,616.41
257 Brunswick	3,694.20	3,694.20	3,731.14
270 Hastings Ave	97,873.93	97,873.93	98,852.67
2800 South Main	14,095.27	14,095.27	14,236.22
290 Warren Ave	6,112.35	6,112.35	6,173.47
2905 South Main St	40,513.80	40,513.80	40,918.94

2964 Skaha Lake Rd	23,329.36	23,329.36	23,562.65
318 Ellis St	8,944.31	8,944.31	9,033.75
3290 South Main St	4,805.18	4,805.18	4,853.23
330 Ellis St	21,485.27	21,485.27	21,700.12
332 Eckhardt Ave W	3,169.22	3,169.22	3,200.91
343 Ellis St	1,690.84	1,690.84	1,707.75
352 Winnipeg St.	4,192.12	4,192.12	4,234.04
361 Wade Ave W.	3,181.80	3,181.80	3,213.62
393 Winnipeg St	2,499.56	2,499.56	2,524.56
397 Martin St.	1,542.14	1,542.14	1,557.56
453 Winnipeg St	21,977.89	21,977.89	22,197.67
456 Main St	6,751.61	6,751.61	6,819.13
502 Martin St	6,027.18	6,027.18	6,087.45
52 Roy Ave	2,032.35	2,032.35	2,052.67
521 Martin St	2,297.00	2,297.00	2,319.97
523 Jermyn	3,425.20	3,425.20	3,459.45
574 Main St	5,054.25	5,054.25	5,104.79
600 Comox St	16,130.65	16,130.65	16,291.96
608 Winnipeg	1,694.78	1,694.78	1,711.73
639 Main St	14,575.92	14,575.92	14,721.68
675 Marina Way	3,872.45	3,872.45	3,911.17
696 Main St	5,337.53	5,337.53	5,390.91
74 Penticton Ave	2,539.38	2,539.38	2,564.77
742 Argyle St	2,810.97	2,810.97	2,839.08
852 Eckhardt	15,088.08	15,088.08	15,238.96
945 Main St	8,620.96	8,620.96	8,707.17
973 Main ST	9,464.88	9,464.88	9,559.53
undisclosed	4,485.14	4,485.14	4,529.99
TOTAL	**$760,218.73**	**$760,218.73**	**$767,820.92**